ANNUAL BUDGET OF

AMAJUBA DISTRICT MUNICIPALITY

2013/14 TO 2015/16

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the foyers of all municipal buildings
- All public libraries within the municipality
- At www.amajuba.gov.za

Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	City Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

I have pleasure presenting to you the annual budget of Amajuba District Municipality for the 2012/13 financial year.

For the year ending 30 June 2011, the municipality received a qualified audit opinion from the Auditor-General. The qualifications were raised on irregular expenditure and property, plant and equipment with serious matters of emphasis on unauthorised expenditure, supply chain management and unreliable financial statements. We have since put together an action plan to address all the issues raised by the Auditor-General and we remain committed to the call by the National Minister of COGTA to achieve a clean audit by 2014.

For the current financial year, the municipality has an approved expenditure budget of R106.414 million which was adjusted to R85.892 million. On the other hand, the approved revenue budget is R108.068 million which was also adjusted to R101.611 million. The capital budget was approved at R85.345 million and adjusted to R83.233 million. The municipality has been experiencing cash flow constraints during this current financial year which has led to delayed spending on programmes and projects. Currently the spending of the budget stands at R46.485 million with the bulk of the spending of R30.689 million (66%) going towards personnel costs and councillor remuneration. The cash flow constraints arose mainly out of commitments made in the previous financial year which we had to honour before embarking on new programmes of the new financial year. Although this has robbed us of valuable time in implementing the programmes we had set out to do in this year, it is a pleasure to report that the commitments have been investigated and the legitimate ones have been honoured and the others have been cleared from our radar screens.

The coming year 2012/13 shall see the improvement and strengthening of intergovernmental relations (IGR) within the family of municipalities in the district in order to collectively serve the citizens with integrity and honesty in the spirit of Batho Pele and commitment to clean audit 2014, as it is clearly stated in the ruling party's manifesto that:
"Municipalities, guided by the New Growth Path, and working with communities, will need to place job creation and sustainable livelihoods at the centre of their local economic programmes. I doing so, municipalities will need to ensure that there is equal access to employment and skills development for women and youth".

Integrated Development Plan
As part of our responsibilities, the municipality has to prepare and adopt an integrated development plan (IDP) and this consultation process forms part of the adoption process as the IDP must mainly be guided by the views of the community as this is the plan the Municipality is going to use to implement what the communities need and what they have prioritised.

What is an IDP and why do we need an IDP?

An IDP runs in a cycle of five years. The 2011/2012 IDP was the last IDP of the second generation.

A brief explanation on the IDP generations is:

First Generation	2001 – 2006	Establishment Phase
Second Generation	2006 – 2011	Consolidation Phase
THIRD GENERATION	2011 - 2016 – Simplified – Outcome Based - Operation Phase	

This year's IDP 2012/2013 is the first cycle of the third generation of IDPs which will be reviewed on an annual basis for the next four years. By no coincidence the timing of the new cycle of IDP has been set to correspond with the term of the new council that has the responsibility to adopt a new vision and mission of the Municipality which will reflect the outcome based approach that the municipality is envisaged to take.

An IDP in a nut shell is the District Municipalities Business Plan reflecting service delivery of projects linked to budgets which is linked to performance management systems of the Municipality which then monitors the delivery and the implementation of the projects. An IDP must be credible, in other words an IDP should be do-able and implementable.

As the Municipality we do not work in isolation. As we have three spheres of Government (National, Provincial and Local) the integration and alignment of processes and interventions is very critical. It is in the IDP where all this is reflected and this alignment is mainly on the following impacts:

- Job Creation
- Integrated and sustainable human settlement
- Stimulating the growth of a local economy
- Social cohesion and inclusion, leading to nation building
- Environmental sustainability
- Strengthening inter-governmental relations
- Spatial Equity

Communities are thus encouraged to make meaningful contributions to the Plan and guide the Municipality in setting Priorities, monitor implementation and lastly evaluate if the community needs are met and are realised all this is done through the processes of the IDP, and the IDP and its processes are mainly the voice of the communities can use.

Municipality's Priorities and Programmes

Strategic Objective	**Programme / Initiative**
Enhance **Local Economic Growth and Development**	Continued support of the Following Programmes: **Agric Programmes and Rural Development;** Crop Production; Vegetable Production; Hydroponic and Aquaponic Production; Dairy; Beef Production; Development of emerging commercial farmers **Tourism** Rejuvenation of municipal community facilities; Supporting strategic events; Supporting strategic projects to enhance tourism

	Infrastructure Development of Water resources and Irrigation for sustainable water supply and food security. **SMME** Continued assistance and facilitation **Poverty Alleviation** Assist entrepreneurs to grow and achieve their goals in order to be sustainable
Promote **Economic Skills and Development**	Continued Implementation of ADM Five year Skills Development Plan through the FET; Private FET and other training Institutions, in the relevant sectors eg Artisans, IT, Agric Sector, SMME, Tourism, Environmental Awareness
Promote **Community Participation**	Restructure Amajuba Forum For Economic Development; Restructure the IDP Forum,
Promote **Good Financial Management**	Attainment of clean audit by 2014

Operating and Capital Budget

The municipality is governed by the Municipal Finance Management Act (MFMA) in preparing and adopting its annual budgets.

What is a budget?

A budget is a spending plan that indicates how available funds will be used to cater for community needs. It is also a financial planning tool used to project future income and expenditure which the municipality is expected to engage in.

Why do we need a Budget?

- To provide a forecast of revenues and expenditure;
- To enable the actual financial operations of the municipality to be measured against the forecast; and
- To promote access to information by informing the residents how the municipality will utilize the resources available;

Budget Overview

For the 2013/14 financial year, we are faced with the daunting task of turning around this municipality. To do that we need to re-affirm our commitment to the application of sound financial management principles for the compilation of the Municipality's financial plan and budget and we need to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The proposed budget for the 2013/14 financial year and the two outer years is therefore as follows:

R Thousand		Original Budget 2012/13	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue		131,879	138,134	126,526	136,904	144,745
Total Operating Expenditure		126,353	133,512	125,195	134,603	142,664
Surplus / (Deficit) for the year		5,526	4,622	1,332	2,302	2,081
Total Capital Expenditure		72,818	95,702	65,985	63,298	78,607

Funding the budget

The municipality funds its operating and capital spending programmes from various sources. For the 2013/14 financial year, the municipality is expected to raise a total of R191.211 million which increases to R197.902 million in the 2014/15 financial year and increases to R221.302 million in the 2015/16 financial year.

R Thousand		Original Budget 2012/13	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Service Charges		22,010	22,010	14,892	15,652	16,450
Operating Grants and Subsidies		110,684	120,246	110,684	120,246	127,230
Capital Grants and Subsidies		70,818	90,994	64,685	60,998	76,557
Interest Earned: External Investments		-	750	750	800	850
Other Own Income		240	173	200	207	215
Total Funding		**203,752**	**234,172**	**191,211**	**197,902**	**221,302**

The challenge the municipality is facing is that the bulk of its funding comes from grants and subsidies – whether to fund operations or capital programmes.

Spending the budget

The following depicts the proposed expenditure budget for the 2013/14 financial year as well as the two outer years:

R Thousand		Original Budget 2012/13	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Personnel Costs		43,575	43,580	56,653	60,251	64,073
Councilor Remuneration		6,002	6,332	6,362	6,686	7,014
General Costs		62,102	69,140	47,795	52,539	55,702
Maintenance Costs		7,881	7,337	5,888	6,189	6,492
Capital Costs		-	-	1,400	1,478	1,558
Contributions to funds		791	791	735	773	811
Capital Expenditure - Grant Funded		70,818	90,994	64,685	60,998	76,557
Capital Expenditure - Own Funding		2,000	4,708	1,300	2,300	2,050
Total Funding		**193,169**	**222,883**	**184,818**	**191,214**	**214,257**

Budget Highlights
The following programmes have been provided for in the budget for the 2012/13 financial year:

	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Skills Development and Capacity Building	1,690,000	1,679,040	1,769,708
Social Development Programmes	1,500,000	1,584,000	1,669,536
Disaster Management	2,250,000	2,376,000	2,504,304
Poverty Alleviation	2,000,000	2,112,000	2,226,048
Environmental Management	1,050,000	1,108,800	1,168,675
Sports Development	3,000,000	3,168,000	3,339,072
Local Economic Development	8,980,000	9,482,880	8,325,420
Water Tanker Delivery Service	5,000,000	3,000,000	-
Sector Plans Implementation	2,300,000	2,428,800	2,559,955
Alternative Service Delivery Mechanism	300,000	316,800	333,907
Grant Funded Expenditure	4,010,000	3,933,360	2,516,781

The following projects are proposed to be funded by grant allocations from MIG and Department of Water Affairs:

Municipal Infrastructure Grant

Buffalo Flats Water Supply	R10.992 million
Buffalo Flats Sanitation	R30 million
Emadlangeni Rural Water Supply	R6 million
Emadlangeni Sanitation	R3 million

DWA Regional Bulk Water Scheme	
Emadlangeni Regional Bulk Water Scheme	R17 million
EPWP Programme	R1 million
Rural Transport Services and Infrastructure Grant	R1.776 million

A further amount of R4.3 million has been allocated for office furniture and equipment.

In conclusion, we have committed ourselves not only to deliver services, but to deliver quality services to the people of Amajuba. With this budget, we shall endeavour to involve our communities in all we do and facilitate employment opportunities and skills development. Hence the coming financial year is themed as the year of "**NEW BEGINNINGS**"

"From Opportunities to New Beginnings"

1.2 Council Resolutions

On the 26th March 2013, the Council of Amajuba District Municipality met to consider the draft annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Amajuba District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

    1.1 The Operating Expenditure Budget for the 2013/14 financial year amounting to R125 535 915 as well as the appropriations for the outer years of the MTREF period of R131 276 978 for the 2014/15 and R137 554 255 for the 2015/16 financial years be approved;

    1.2 The Operating Revenue Budget for the 2013/14 financial year amounting to R128 363 150 as well as the appropriations for the outer years of the MTREF period of R135 534 450 for the 2014/15 and R144 348 166 for the 2015/16 financial years be approved;

    1.3 The Capital Budget allocation of R66 932 000 to be funded mainly from Municipal Infrastructure Grant (MIG) allocation, the Municipal Water Infrastructure Grant allocation as well as internal funding be approved;

    1.4 The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following amendments to the water tariff structure:

			Approved 2011/12	Proposed 2012/13
A. WATER				
A1	**Residential / Charitable / Religeous**	***per kilolitre***		
	0 - 6 kl		FREE	FREE
	7 - 20 kl		5.26	6.37
	21 - 40 kl		5.36	7.26
	41 - 60 kl		5.47	7.51
	Above 61 kl		5.50	7.76
A2	**Commercial and Industrial**	***per kilolitre***		
	0 - 6 kl		5.50	7.12
	7 - 20 kl		5.50	8.00
	21 - 40 kl		5.50	8.25
	41 - 60 kl		5.50	8.50
	Above 61 kl		5.50	8.75
A3	**Other**	***per kilolitre***		
	0 - 6 kl		5.26	9.12
	7 - 20 kl		5.26	7.00
	21 - 40 kl		5.36	7.25
	41 - 60 kl		5.47	7.50
	Above 61 kl		5.50	7.75
A4	**Raw Water**	***per kilolitre***		
	All Categories		3.34	4.50

1.5 The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following amendments to the sanitation tariff structure:

			Approved 2011/12	Proposed 2012/13
B. SEWERAGE				
	Residential / Charitable / Religeous		2.14	3.24
	Commercial and Industrial		2.14	3.24
	Other		2.14	3.24
	Emptying of Septic Tanks		239.09	375.6

1.6 All amendments to the tariff structure be effective from 01 July 2013 or the first billing cycle after the 01 July 2013;

1.7 The approved budget be submitted to National Treasury, the Provincial Treasury and the provincial Department of Cooperative Governance and Traditional Affairs in the prescribed format as well as be published in the municipal website;

1.3 Executive Summary

Introduction

The draft budget is prepared and presented to Council in line with the MFMA requirements. The MFMA requires that the Mayor must table the draft budget 90days before the start of the financial year. After the draft budget has been tabled in Council, the Mayor must conduct a public participation process where by the public is afforded the opportunity to comment on the budget and make any recommendations to be considered during the budget process.

The draft budget as tabled, confirms the heavy dependence of Amajuba DM on grant funding to fund service delivery.

Budget Parameters

Global Outlook

South Africa's economy has continued to grow, but at a slower rate than projected at the time of the 2012 Budget. GDP growth reached 2.5 per cent in 2012 and is expected to grow at 2.7 per cent in 2013, rising to 3.8 per cent in 2015. Inflation has remained moderate, with consumer prices rising by 5.7 per cent in 2012 and projected to increase by an average of 5.5 per cent a year over the MTREF period ahead.

While the country's economy has shown growth, the economic outlook is, however constrained by a difficult global environment and domestic restructuring. Given the economic realities and the fact that recovery is likely to be slow, municipalities have once again been urged to adopt a conservative approach when projecting their expected revenues and cash receipts. Particular attention has also to be given to the affordability of tariff increases especially on main services, managing all revenue and expenditure and cash streams effectively, and carefully evaluating all spending decisions.

Impact of 2011 Census

The results of the latest national census were released by Statistics South Africa in October 2012. According to the 2011 Census, the population of some municipalities grew by over 50% between 2001 and 2011, while others experienced a decline in population. Some provinces recorded significantly smaller populations in the 2011 Census than had been previously estimated, including KwaZulu-Natal, Eastern Cape, Limpopo and the Free State.
Gauteng has the highest population increase of close to 1 million people.

The 2011 Census figures have been used in determining the allocations of grants and transfers to the municipality. This has had an effect on our allocations for equitable share and the Municipal Infrastructure Grant.

The following table depicts the adjusted allocations compared to the 2012/13 indicative allocations:

Grant	2013/14 Allocation	2014/15 Allocation	Variance
Municipal Infrastructure Grant 2012 DORA	52 735 000	59 500 000	

2013 DORA ***Variance***	47 462 000 ***5 273 000***	41 650 000 ***17 850 000***	***23 123 000***
Equitable Share 2012 DORA 2013 DORA ***Variance***	 53 158 000 52 618 000 ***540 000***	 57 048 000 55 843 000 ***1 205 000***	***1 745 000***
Levy Replacement Grant 2012 DORA 2013 DORA ***Variance***	 51 917 000 51 917 000 ***Nil***	 56 588 000 55 688 000 ***Nil***	***Nil***
Rural Roads Infrastructure 2012 DORA 2013 DORA ***Variance***	 1 865 000 1 706 000 ***159 000***	 1 972 000 2 021 000 ***(49 000)***	***110 000***
TOTAL LOSS IN FUNDING			***24 978 00***

Inflation forecasts

The following macro-economic forecasts were taken into consideration when preparing the 2013/14 budget and MTREF:

Fiscal year	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
	Actual	**Actual**	**Estimate**	**Forecast**	**Forecast**	**Forecast**
Real GDP growth	3.4	3.1	2.5	3.0	3.6	3.8
CPI inflation	3.8	5.6	5.6	5.6	5.4	5.4

Source: Budget Review 2013

Employee related costs

The municipality has taken into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year. In this regard, the average CPI for this period is 5.6% therefore a provision for increases related to salaries and wages for the 2013/14 budget year of 6.85% (5.6% plus 1.25%) has been provided for. The agreement also provides for a CPI plus 1% increase for the 2014/15 financial year. In this regard, a provision of 6.4% (5.4% plus 1%) has been made for the 2014/15 budget year.

The organogram recently approved by Council has been used in the budget. However, due to the rising cost of employee related expenditures and the limited budget we have, not all the vacant posts have been provided for in the budget. These will be phased in over the next few years.

Budget Highlights

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

R Thousand		Original Budget 2012/13	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue		131,879	138,134	126,526	136,904	144,745
Total Operating Expenditure		126,353	133,512	125,195	134,603	142,664
Surplus / (Deficit) for the year		5,526	4,622	1,332	2,302	2,081
Total Capital Expenditure		72,818	95,702	65,985	63,298	78,607

Total operating revenue has decreased by 8.4 per cent or R11.608 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 8.2 and 5.7 per cent respectively, equating to a total revenue growth of R6.611 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R125.195 million and translates into a budgeted surplus of R1.332 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has decreased by 6.2 per cent in the 2013/14 budget and increased by 7.5 and 6.0 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases to R2.302 million and further drops to R2.081 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R65.985 million for 2013/14 is 31.1 per cent less when compared to the 2011/12 Adjustment Budget. The reduction is due to affordability constraints in the light of the fact that all projects are grant funded as the municipality is not in a position to fund capital expenditure. The capital programme decreases to R63.298 million in the 2014/15 financial year and then increases to R78.607 million in 2015/16. A substantial portion of the capital budget will be funded from grants over MTREF with anticipated internal funding of R1.3 million, R2.3 million and R2.0 million in each of the financial years of the MTREF. Consequently, the capital budget remains relatively flat over the medium-term.

Operational Budget

The operational revenue budget has been estimated at R126 526 150 with the expenditure budget at R124 194 623

Operating Revenue

R Thousand	Original Budget 2012/13	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Service Charges	22,010	22,010	14,892	15,652	16,450
Operating Grants and Subsidies	109,629	115,202	110,684	120,246	127,230
Interest Earned: External Investments	-	750	750	800	850
Other Own Income	240	173	200	207	215
Total Funding	**131,879**	**138,134**	**126,526**	**136,904**	**144,745**

Operating Expenditure by Type

R Thousand	Original Budget 2012/13	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Personnel Costs	49,577	49,912	63,015	66,937	71,087
Councillor Remuneration	6,002	6,332	6,362	6,686	7,014
General Costs	62,102	69,140	47,667	51,316	54,407
Maintenance Costs	7,881	7,337	5,888	6,189	6,492
Capital Costs	-	-	1,400	1,478	1,558
Contributions to funds	791	791	735	773	811
Total Funding	**126,353**	**133,512**	**125,067**	**133,379**	**141,369**

The remaining surplus of R1 459 527 will be utilised to fund the basic capital requirements of the municipality.

Capital Budget

The capital budget is estimated at R65 985 000 for the 2013/14 financial year and R63 998 000 and R79 757 000 respectively for the 2014/15 and 2015/16 financial years. The capital budget is funded from grants – mainly the Municipal Infrastructure Grant (MIG).

The municipality does not have any funding of its own to fund capital projects. Consequently, the municipality is not in a position to transfer any funding to the local municipalities to fund projects.

The following projects have been provided for:

		Current Year		Expenditure Framework		
		2012/2013	2012/2013	2013/2014	2014/2015	2015/2016
		Original Budget	Adjustment Budget	Budget Year +1	Budget Year +2	Budget Year +3
DEPT OF SPORTS & RECREATION PROJECTS						
9502/9513/9501	Infrastructure-Sport & recreational facilities	1,050,000	1,575,000	253,000	268,000	282,000
9502/9514/9501	DANNHAUSER CRICKET PITCH;TRA					
		1,050,000	1,575,000	253,000	268,000	282,000
MIG GRANT FUNDING PROJECTS						
9503/9521/9501	Buffalo Flats Water Supply Scheme Phase 2	992,000	2,689,000			
9503/9522/9501	Buffalo Flats Water Supply Scheme Phase 3	10,000,000	18,022,000	15,000,000		
9503/9524/9501	Buffalo Flats Sanitation	30,000,000	11,500,000	10,000,000	5,000,000	
9503/9525/9501	Emadlangeni Rural Water Supply Phase 1	6,000,000	2,000,000	5,000,000	2,500,000	
	Refurbishment of Waste Water Treatment works		7,000,000			
	Emadlangeni Sanitation	3,000,000		7,735,000	22,000,000	
	Unallocated Projects		13,916,000	9,727,000	12,150,000	41,625,000
		49,992,000	55,127,000	47,462,000	41,650,000	41,625,000
DWAF & PUBLICWORKS PROGRAMME PROJECTS						
9503/9400/9503	Publicworks Programme - EPWP	1,000,000	966,000	1,000,000		
9503/9301/9503	Emadlangeni Bulk Water Supply	17,000,000	23,000,000	-		
9503/9523/9501	WATER CONSERV/ DEMAND MANGEM		4,000,000			
9503/9523/9501	Rural Transport Services and Infrastructure Grant	1,776,000	1,776,000	-	-	
9503/9523/9502	Utrecht Ponds	-	550,000	-		
9503/9523/9503	Tweediedale WWTW	-	-	-		
		19,776,000	30,292,000	1,000,000	-	-
DEPT OF CORPORATE GOVERNANCE AND TRADITIONAL AFFAIRS						
9504/9550/9501	Massification Programme	-	4,000,000	-		
		-	4,000,000	-	-	-
MUNICIPAL WATER INFRASTRUCTURE GRANT						
	Unallocated Projects	-		15,970,000	19,080,000	34,650,000
		-				
		-	-	15,970,000	19,080,000	34,650,000
TOTAL IDP PROJECTS		70,818,000	90,994,000	64,685,000	60,998,000	76,557,000
OPERATING CAPITAL						
9504/9527/9501	Office Furniture & Equipment-Exco and Council	-				500,000
9511/9543/9501	Office Furniture & Equipment-Municipal Manager		1,000,000	-		850,000
9505/9529/9501	Office Furniture & Equipment-Corporate Services	500,000	500,000			300,000
9508/9536/9501	Office Furniture & Equipment-Sports Complex				500,000	
9508/9536/9501	Office Furniture & Equipment-Community					300,000
9506/9533/9501	Office Furniture & Equipment-Financial services		50,000	-		300,000
9509/9537/9501	Office Furniture & Equipment-Tousong					
9510/9542/9501	Office Furniture & Equipment-Planning & development	1,000,000	1,000,000	800,000	1,000,000	650,000
9507/9543/9501	Office Furniture & Equipment-Technical					300,000
9512/9556/9501	Communication System -New-Disaster				500,000	
	Buildings Modifications & Generator	500,000	2,158,283	500,000	1,000,000	
		2,000,000	4,708,283	1,300,000	3,000,000	3,200,000
	TOTAL CAPITAL EXPENDITURE	72,818,000	95,702,283	65,985,000	63,998,000	79,757,000

Three-Year Operational Plan

The municipal budget is not expected to grow significantly over the MTREF period. While the municipality is expected to take over the billing and reticulation function from its Water Services Provider from the 01 July 2013, this will have limited effect on municipal revenue due to the low number of billable customers in the areas of Dannhauser and eMadlangeni.

A significant amount of investment in infrastructure development is required in order to achieve the millennium development goal of universal access to services. Detailed below is the operational and capital budget as proposed over the MTREF period:

THREE YEAR IMPLEMENTATION PLAN WITH COMMITTED HUMAN AND FINANCIAL RESOURCES				
Description		Budget Year	Budget Year +1	Budget Year +2
		2013/14	2014/15	2015/16
OPERATING EXPENDITURE BY VOTE				
Executive and Council		7,843,378	8,243,390	8,647,317
Office of the Municipal Manager		9,984,883	10,595,795	11,239,824
Financial Services		12,587,378	13,251,168	13,936,639
Corporate Services		15,042,097	15,926,473	16,850,790
Community Services		13,906,086	14,729,104	15,588,844
Technical Services		10,141,488	10,990,386	11,587,184
Disaster Management Centre		6,355,358	5,494,747	5,821,739
Thusong Service Centre		618,309	657,360	698,801
Planning & Development		22,681,735	26,256,581	28,421,775
Water and Sanitation Services		25,905,912	27,234,114	28,575,977
TOTAL OPERATING EXPENDITURE BY VOTE		**125,066,623**	**133,379,118**	**141,368,890**
CAPITAL EXPENDITURE BY VOTE				
Executive and Council				500,000
Office of the Municipal Manager				850,000
Financial Services				300,000
Corporate Services		500,000	1,000,000	300,000
Community Services			500,000	300,000
Technical Services				300,000
Disaster Management Centre			500,000	
Thusong Service Centre				
Planning & Development		800,000	1,000,000	650,000
Water and Sanitation Services				
SUB TOTAL :BASIC CAPITAL		**1,300,000**	**3,000,000**	**3,200,000**
Ad hoc Capital : Sports Facilities		253,000	268,000	282,000
Ad hoc Capital : Water and Sanitation		63,432,000	60,730,000	76,275,000
Ad hoc Capital : Public Works allocation		1,000,000	-	-
SUB TOTAL :INFRASTRUCTURE CAPITAL		**64,685,000**	**60,998,000**	**76,557,000**
TOTAL CAPITAL EXPENDITURE BY VOTE		**65,985,000**	**63,998,000**	**79,757,000**

The following programmes have been provided for during the MTREF period:

Description		Original Budget 2012/13	Adjustment Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Social Development Programmes						
Senior Citizens Programmes;		300,000	300,000	300,000	315,300	330,750
Disabled Programmes;		300,000	300,000	300,000	315,300	330,750
Youth Programmes;		300,000	300,000	300,000	315,300	330,750
Gender & Children;		-		-	-	-
Gender Programmes ;		300,000	400,000	300,000	315,300	330,750
Children Programmes;		300,000	300,000	300,000	315,300	330,750
HIV/AIDS Plan Implementation		300,000	300,000	100,000	105,100	110,250
Public Transport Plan & Implementation		300,000	-	-	-	-
Cemetry Plan Implementation;		250,000	250,000	50,000	52,550	55,125
GIS Implementation;		300,000	300,000	100,000	105,100	110,250
Nodal Study Implementation;		500,000	750,000	350,000	367,850	385,875
Experience Training;		180,000	180,000	200,000	210,200	220,500
		3,330,000	**3,380,000**	**2,300,000**	**2,417,300**	**2,535,748**
Tourism Development						
Tourism Shows & Exibitions		80,000	50,000	60,000	63,060	66,150
LED/Tourism training facil		100,000	80,000	50,000	52,550	55,125
ADM Tourism Signage Develo		400,000	400,000	50,000	52,550	55,125
ADM Tourism Project Suppor		1,000,000	1,000,000	500,000	525,500	551,250
CTO Support;		300,000	300,000	300,000	315,300	330,750
Amajuba Tourism Marketing;		500,000	500,000	200,000	210,200	220,500
		2,380,000	**2,330,000**	**1,160,000**	**1,219,160**	**1,278,899**
LED Programmes						
AFLED Capacity Building;		100,000	80,000	80,000	84,080	88,200
LED Project Support;		1,500,000	2,000,000	1,000,000	1,051,000	1,102,499
LED Manufacturing Strategi		1,000,000	1,000,000	500,000	525,500	551,250
LED Agricultural Strategic		1,000,000	1,500,000	2,000,000	2,102,000	3,200,000
Led-Infrastructure;		1,500,000	1,750,000	2,000,000	3,200,000	3,356,800
PROJECT INITIATION FUND;		1,500,000	2,000,000	1,200,000	1,261,200	1,322,999
Poverty Alleviation;		2,000,000	2,500,000	2,000,000	2,102,000	3,200,000
		8,600,000	**10,830,000**	**8,780,000**	**10,325,780**	**12,821,747**
Disaster Management Programmes						
Disaster Management Centre		500,000	100,000	-	-	-
Disaster Management Capacity Building		150,000	60,000	150,000	157,650	165,375
Disaster Management Plan Implementation		150,000	150,000	150,000	157,650	165,375
Disaster Relief Interventions		1,000,000	1,000,000	500,000	525,500	551,250
Disaster Volonteer and int		300,000	290,000	300,000	315,300	330,750
Prevention Program;		300,000	150,000	300,000	315,300	330,750
		2,400,000	**1,750,000**	**1,400,000**	**1,471,400**	**1,543,499**
Sports Development Programmes						
SALGA-KZN Games - Sport Programs		3,000,000	3,000,000	2,500,000	2,627,500	2,756,248
Sport Complex-Telephone;		-	-	-	-	-
Sport Complex-Fuel & Oil;		30,000	20,000	10,000	10,510	11,025
Sport Complex-Training;		10,000	10,000	-	-	-
Sport Complex-Casual Labou		22,100	22,321	-	-	-
Sport Complex-Hygiene Serv		-	-	-	-	-
Sport Complex Blueprint;		300,000	-	-	-	-
		3,362,100	**3,052,321**	**2,510,000**	**2,638,010**	**2,767,272**
Services						
VIP De-Sludging			1,500,000		-	-
Alternative Service Delivery Mechanisms		300,000	300,000	-	-	-
Environmental Management		800,000	300,000	300,000	315,300	330,750
Environment Awareness;		250,000	300,000	100,000	105,100	110,250
TOWN PLANNING SUPPORT;		800,000	900,000	100,000	105,100	110,250
DIMS -MIG Intergration;		500,000	500,000	500,000	525,500	551,250
		2,650,000	**3,800,000**	**1,000,000**	**1,051,000**	**1,102,499**
TOTAL OPERATING PROGRAMMES		**22,722,100**	**25,142,321**	**17,150,000**	**19,122,650**	**22,049,664**

Included in revenue are the following grants and subsidies:

Description	Currrent Year 2012/13						Proposed M T R E F Estimates		
							Budget for the ensuing three years		
	Original Budget	Adjustment Budget	Actual	Variance	Projected		2013/14	2014/15	2015/16
Conditional Grants	**3,950,000**	**6,251,000**	**4,676,150**	**1,574,850**	**6,554,272**		**4,349,000**	**5,923,000**	**4,800,000**
MSIG Grant;	1,000,000	1,000,000	1,000,150	-150	1,055,440		890,000	934,000	967,000
Finance Management Grant;	1,500,000	1,500,000	1,500,000	-	1,670,000		1,500,000	1,500,000	1,500,000
Grant: Sports Facilities upgrade	1,050,000	1,575,000	-	1,575,000	1,575,000		253,000	268,000	282,000
ROAD ASSET MANAGEMENT SYST	-	1,776,000	1,776,000	-	2,253,832		1,706,000	2,021,000	2,051,000
Development Planning -Shared Services	-	-	-	-	-		-	1,200,000	-
District Growth Development Summit Grant	400,000	400,000	400,000	-	-		-	-	-
Operating Grants and Subsidies	**105,679,000**	**107,679,000**	**78,560,100**	**29,118,900**	**129,480,856**		**106,335,000**	**114,322,800**	**122,430,282**
Levies Replacement Grant;	47,630,000	47,630,000	16,025,000	31,605,000	14,682,528		51,917,000	56,588,000	60,795,000
Equitable Share Allocation	37,689,000	39,689,000	39,689,000	-	37,689,000		39,946,000	42,524,728	45,649,496
DWAF Water Operating Subsi	8,360,000	8,360,000	10,846,100	-2,486,100	-		1,800,000	1,891,800	1,988,282
Equitable Share-FBS Portio	12,000,000	12,000,000	12,000,000	-	77,109,328		12,672,000	13,318,272	13,997,504
Total Grants and Subsidies	**109,629,000**	**113,930,000**	**83,236,250**	**30,693,750**	**136,035,128**		**110,684,000**	**120,245,800**	**127,230,282**

Budget Funding

While the proposed budget is balanced and funded in terms of funding sources, there is still however a deficit of about R32 million which is yet to be recovered. This deficit arose when conditional grants were utilised in contravention of the conditions of those grants. In other words, conditional grants are not cash-backed. This matter needs to be given serious consideration as we need to save in the region of R10 million to R15 million per annum in order to recover these grants within the MTREF period. This is not possible at the current expenditure levels and therefore has not been provided for in this proposed budget.

Description		Proposed M T R E F Estimates Budget for the ensuing three years 2013/14	2014/15	2015/16
Funding Sources				
Total Operating Revenue Budget		**126,526,150**	**136,904,450**	**144,744,966**
Conditional Grants		**4,349,000**	**5,923,000**	**4,800,000**
MSIG Grant;		890,000	934,000	967,000
Finance Management Grant;		1,500,000	1,500,000	1,500,000
Grant: Sports Facilities upgrade		253,000	268,000	282,000
ROAD ASSET MANAGEMENT SYST		1,706,000	2,021,000	2,051,000
Development Planning -Shared Services		-	1,200,000	-
District Growth Development Summit Grant		-	-	-
		122,177,150	**130,981,450**	**139,944,966**
Own Funding				
Service Charges		**14,892,150**	**15,651,650**	**16,449,884**
Service Charges: Water;		12,372,500	13,003,498	13,666,676
Service Charges: Sanitation;		2,519,650	2,648,152	2,783,208
Operating Grants and Subsidies		**106,335,000**	**114,322,800**	**122,430,282**
Levies Replacement Grant;		51,917,000	56,588,000	60,795,000
Equitable Share Allocation		39,946,000	42,524,728	45,649,496
DWAF Water Operating Subsi		1,800,000	1,891,800	1,988,282
Equitable Share-FBS Portio		12,672,000	13,318,272	13,997,504
Total Grants and Subsidies		**110,684,000**	**120,245,800**	**127,230,282**
Other Revenue		**950,000**	**1,007,000**	**1,064,800**
Interest Earned-Ext Investments		750,000	800,000	850,000
Tender Deposits;		10,000	10,000	10,000
Sundry Income;		-	-	-
Tele/Cellphone Cost Recovery		110,000	112,000	114,800
Hall Deposits;		80,000	85,000	90,000
		122,177,150	**130,981,450**	**139,944,966**
Total Operating Expenditure		**125,066,623**	**133,379,118**	**141,368,890**
LESS: Grant Funded Expenditure		**4,349,000**	**5,923,000**	**4,800,000**
MSIG Expenditure		890,000	934,000	967,000
Financial Management Grant Expenditure		1,500,000	1,500,000	1,500,000
Sports & Recreation;		253,000	268,000	282,000
Road Asset Management		1,706,000	2,021,000	2,051,000
Growth & Development Summit		-	-	-
Shared Services -Planning Services		-	1,200,000	-
		120,717,623	**127,456,118**	**136,568,890**
Operating Budget Surplus		**1,459,527**	**3,525,332**	**3,376,075**
LESS: CAPEX Appropriation		1,300,000	3,000,000	3,200,000
LESS: Conditional Grants Recovery		-	-	-
Net Operating Budget Surplus		**159,527**	**525,332**	**176,075**

Proposed Tariff Charges – Water and Sanitation

The 2013 DORA introduces a new grant namely; the Municipal Water Infrastructure Grant to be administered by the Department of Water Affairs. The grant is aimed at accelerating the delivery of clean water to communities that do not have access to basic water services. The grant provides funding for municipalities to plan and implement various projects; including the construction of new infrastructure and the refurbishment and extension of existing water schemes.

The municipality has been allocated a total of R69.7 million over the MTREF period with R15.97 million for the 2013/14 financial year increasing to R34.65 for the 2015/16 financial year. This grant will assist us in mitigating the effects of the reduced MIG allocations due to the decline in population figures.

While the majority of water and sanitation infrastructure is funded through grants, the municipality still has a responsibility of ensuring that the residents who are provided with a full service and are in a position to pay for this service do in fact pay. Considering this strategic imperative, managing non-revenue water becomes a critical aspect of accelerating the delivery of clean water to communities. The municipality must ensure appropriate measurement and reporting of all water losses as per the national targets, and to ensure a common understanding and alignment between Technical and Financial departments on water loss issues.

The following are propose water and sanitation tariffs for the 2013/14 financial year:

			Approved	Proposed		Increase	%age
			2012/13	2013/14			
A. WATER							
A1	**Residential / Charitable / Religeous**	***per kilolitre***					
	0 - 6 kl		FREE	FREE		NIL	
	7 - 20 kl		6.37	6.73		0.36	6%
	21 - 40 kl		7.26	7.67		0.41	6%
	41 - 60 kl		7.51	7.93		0.42	6%
	Above 61 kl		7.76	8.19		0.43	6%
A2	**Commercial and Industrial**	***per kilolitre***					
	0 - 6 kl		7.12	7.52		0.40	6%
	7 - 20 kl		8.00	8.45		0.45	6%
	21 - 40 kl		8.25	8.71		0.46	6%
	41 - 60 kl		8.50	8.98		0.48	6%
	Above 61 kl		8.75	9.24		0.49	6%
A3	**Other**	***per kilolitre***					
	0 - 6 kl		9.12	9.63		0.51	6%
	7 - 20 kl		7.00	7.39		0.39	6%
	21 - 40 kl		7.25	7.66		0.41	6%
	41 - 60 kl		7.50	7.92		0.42	6%
	Above 61 kl		7.75	8.18		0.43	6%
A4	**Raw Water**	***per kilolitre***					
	All Categories		4.50	4.75		0.25	6%
B. SEWERAGE		***per kilolitre***					
	Residential / Charitable / Religeous		3.24	3.42		0.18	6%
	Commercial and Industrial		3.24	3.42		0.18	6%
	Other		3.24	3.42		0.18	6%
	Emptying of Septic Tanks	***per tank***	375.6	396.63		21.03	6%

1.4 Operating Revenue Framework

For Amajuba District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Service charges - water revenue	2	–	–	–	18,186	18,186	18,186	18,186	12,373	13,003	13,667
Service charges - sanitation revenue	2	–	–	–	3,824	3,824	3,824	3,824	2,520	2,648	2,783
Service charges - other											
Interest earned - external investments		7,484	1,849	940		750	750	750	750	800	850
Interest earned - outstanding debtors											
Transfers recognised - operational		63,611	78,331	125,750	109,629	114,432	114,432	114,432	110,684	120,246	127,230
Other revenue	2	431	6,961	303	40	353	353	353	200	207	215
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		71,526	87,142	126,993	131,679	137,544	137,544	137,544	126,526	136,904	144,745

Table 3 Percentage growth in revenue by main revenue source

Description		Current Year 2012/13		2013/14 Medium Term Revenue and Expenditure Framework					
R thousand		Adjustment Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Revenue By Source									
Service charges - water revenue		18,186		12,373	-32%	13,003	5.1%	13,667	5.1%
Service charges - sanitation revenue		3,824		2,520	-34%	2,648	5.1%	2,783	5.1%
Service charges - other									
Interest earned - external investments		750		750	0%	800	6.7%	850	6.3%
Interest earned - outstanding debtors									
Transfers recognised - operational		114,432		110,684	-3%	120,246	8.6%	127,230	5.8%
Other revenue		353		200	-43%	207	3.5%	215	3.8%
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)		**137,544**	**–**	**126,526**	**-8.0%**	**136,904**	**8.2%**	**144,745**	**5.7%**
Total Revenue from rates and service charges		22,010	**–**	14,892	**-32.3%**	15,652	**5.1%**	16,450	**5.1%**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from service charges forms a small percentage of the revenue basket for the municipality. Service charges revenue comprises less than a fifth of the total revenue mix. In the 2012/13 financial year, revenue from services charges totalled R22.010 million or 16.0 per cent. This decreases to R14.892 million, R15.652 million and R16.450 million in the respective financial years of the MTREF.

Operating grants and transfers totals R110.684 million in the 2013/14 financial year and steadily increases to R127.230 million by 2015/16. Note the year-on-year decline for the 2013/14 financial year which is 3 per cent and then a steady growth of 8.6 and 5.8 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		80,169	80,492	88,599	109,179	109,179	109,179	109,725	116,665	128,209
Local Government Equitable Share		49,865	38,243	40,477	49,689	49,689	49,689	52,618	55,843	59,647
RSC Levy Replacement		28,819	40,088	43,698	47,630	47,630	47,630	51,917	56,588	60,795
Finance Management		750	1,000	1,250	1,500	1,500	1,500	1,500	1,500	1,500
Municipal Systems Improvement		735	750	790	1,000	1,000	1,000	890	934	967
Water Services Operating Subsidy				1,585	8,360	8,360	8,360	1,500	1,500	5,000
EPWP Incentive			411	799	1,000	1,000	1,000	1,000		
Water Services Operating Subsidy								300	300	300
Provincial Government:		629	3,540	3,940	1,450	1,975	1,975	1,753	268	282
Sport and Recreation		629	420	2,310	1,050	1,575	1,575	253	268	282
COGTA Maintentace Grant-Ground Water Refi				1,630						
Health subsidy			3,120							
Health subsidy								1,500		
District Growth Development Summit					400	400	400			
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	3,976	334	–	5,000	5,000	700	210	–
National Lottery Grant			3,116							
Other Grants			860	334		5,000	5,000	700	210	
Total Operating Transfers and Grants	5	80,798	88,008	92,873	110,629	116,154	116,154	112,178	117,143	128,491

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. We have taken a critical look at our water services costing. The fact of the matter is our tariffs are not yet cost-reflective as it is currently costing us on average R8.564 per kilolitre delivered to the consumer. The proposed tariffs are way below this and the difference is funded through equitable share. Over the MTREF period we will be reviewing the costing and tariff setting models with a view of making them more cost efficient and thus reducing the cost of providing water and sanitation services.

We have undertaken a critical assessment of our capital infrastructure requirements. The assessment indicates that our current infrastructure is unlikely to sustain our long-term ability to supply water and we therefore have to source other sources of funding for infrastructure development instead of relying on grant funding. We, however, currently do not have enough buying power to raise significant capital through the capital markets.

A tariff increase from R6.37 to R6.73 per kilolitre at the bottom-end of the tariff structure and R7.76 to R8.19 at the upper-end of the structure for water is proposed from 01 July 2013. This is based on input costs (bulk costs) and the need to move towards cost reflective tariffs in order to ensure sustainability of supply. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

			Approved 2012/13	Proposed 2013/14		Increase	%age
A. WATER							
A1	**Residential / Charitable / Religeous**	***per kilolitre***					
	0 - 6 kl		FREE	FREE		NIL	
	7 - 20 kl		6.37	6.73		0.36	6%
	21 - 40 kl		7.26	7.67		0.41	6%
	41 - 60 kl		7.51	7.93		0.42	6%
	Above 61 kl		7.76	8.19		0.43	6%
A2	**Commercial and Industrial**	***per kilolitre***					
	0 - 6 kl		7.12	7.52		0.40	6%
	7 - 20 kl		8.00	8.45		0.45	6%
	21 - 40 kl		8.25	8.71		0.46	6%
	41 - 60 kl		8.50	8.98		0.48	6%
	Above 61 kl		8.75	9.24		0.49	6%
A3	**Other**	***per kilolitre***					
	0 - 6 kl		9.12	9.63		0.51	6%
	7 - 20 kl		7.00	7.39		0.39	6%
	21 - 40 kl		7.25	7.66		0.41	6%
	41 - 60 kl		7.50	7.92		0.42	6%
	Above 61 kl		7.75	8.18		0.43	6%
A4	**Raw Water**	***per kilolitre***					
	All Categories		4.50	4.75		0.25	6%
B. SEWERAGE		***per kilolitre***					
	Residential / Charitable / Religeous		3.24	3.42		0.18	6%
	Commercial and Industrial		3.24	3.42		0.18	6%
	Other		3.24	3.42		0.18	6%
	Emptying of Septic Tanks	***per tank***	375.6	396.63		21.03	6%

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 6 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	89.18	94.22	5.04	5.7%
30	161.78	170.92	9.14	5.6%
40	234.38	247.62	13.24	5.6%
50	309.48	326.92	17.44	5.6%
80	539.78	570.02	30.24	5.6%
100	694.98	733.82	38.84	5.6%

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R8.19 per kilolitre for consumption in excess of 60kℓ per 30 day period.

1.4.2 Sanitation and Impact of Tariff Increases

A tariff increase from R3.24 to R3.42 for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 30 per cent of waste water treatment input costs and that the sanitation tariffs are also not cost reflective, therefore the higher than CPI increase for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R2.520 million for the 2013/14 financial year.

The following table compares the current and proposed tariffs:

Table 7 Comparison between current sanitation charges and increases

			Approved 2012/13	Proposed 2013/14		Increase	%age
B. SEWERAGE		***per kilolitre***					
	Residential / Charitable / Religeous		3.24	3.42		0.18	6%
	Commercial and Industrial		3.24	3.42		0.18	6%
	Other		3.24	3.42		0.18	6%
	Emptying of Septic Tanks	***per tank***	375.6	396.63		21.03	6%

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 8 Comparison between current sanitation charges and increases, single dwelling-houses

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
5	16.20	17.10	0.9	5.6%
10	32.40	34.20	1.8	5.6%
20	64.80	68.40	3.6	5.6%
30	97.20	102.60	5.4	5.6%
40	129.60	136.80	7.2	5.6%
50	162.00	171.00	9	5.6%
80	259.20	273.60	14.4	5.6%
100	324.00	342.00	18	5.6%

1.4.3 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 9 MBRR Table SA14 – Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption				100.44	161.78	161.78	161.78	5.6%	170.92	175.56	185.66
Sanitation				64.20	97.20	97.20	97.20	5.6%	102.60	113.20	121.60
Refuse removal											
Other											
sub-total		–	–	164.64	258.98	258.98	258.98	5.6%	273.52	288.76	307.26
VAT on Services				23.05	31.18	31.18	31.18		39.30	47.43	47.43
Total large household bill:		–	–	187.69	290.16	290.16	290.16	7.8%	312.82	336.19	354.69
% increase/-decrease			–	–	54.6%	–	–		7.8%	7.5%	5.5%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption				85.69	125.48	125.48	125.48	5.6%	132.57	139.95	145.76
Sanitation				54.26	81.00	81.00	81.00	5.6%	85.50	92.50	98.65
Refuse removal											
Other											
sub-total		–	–	139.95	206.48	206.48	206.48	5.6%	218.07	232.45	244.41
VAT on Services											
Total small household bill:		–	–	139.95	206.48	206.48	206.48	5.6%	218.07	232.45	244.41
% increase/-decrease			–	–	47.5%	–	–		5.6%	6.6%	5.1%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption				73.64	89.18	89.18	89.18	5.6%	94.22	99.22	102.63
Sanitation					45.36	45.36	45.36	5.6%	47.88	52.12	58.63
Refuse removal											
Other											
sub-total		–	–	73.64	134.54	134.54	134.54	5.6%	142.10	151.34	161.26
VAT on Services											
Total small household bill:		–	–	73.64	134.54	134.54	134.54	5.6%	142.10	151.34	161.26
% increase/-decrease			–	–	82.7%	–	–		5.6%	6.5%	6.6%

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit which we currently do not have;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the integrated development plan and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type											
Employee related costs	2	30,214	34,640	36,403	49,687	49,912	49,912	49,912	63,017	66,940	71,090
Remuneration of councillors		3,008	3,886	4,223	6,002	6,332	6,332	6,332	6,362	6,686	7,014
Debt impairment	3										
Depreciation & asset impairment	2	3,910	4,421	5,381	1,625	1,625	1,625	1,625	1,727	1,815	1,904
Finance charges		14	6						1,400	1,478	1,558
Bulk purchases	2	–	–	–	4,772	4,772	4,772	4,772	3,493	3,671	3,851
Other materials	8										
Contracted services		–	–	–	11,645	–	–	–	11,215	11,787	12,364
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	94,543	108,006	124,661	52,623	72,422	72,422	72,422	36,681	39,225	41,683
Loss on disposal of PPE									–		
Total Expenditure		131,689	150,958	170,668	126,353	135,062	135,062	135,062	123,895	131,603	139,464

The budgeted allocation for employee related costs for the 2013/14 financial year totals R63.017 million, which equals 50.3 per cent of the total operating expenditure. An increase of 6.85% has been provided in this budget in line with the SALGBC Collective Agreement for the 2013/14 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF. As part of the municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the re-structuring interventions all posts have been reviewed and the organogram has been revised and approved by the Council. The result of this exercise is that we have critically examined each post that we needed to have on the organogram to ensure that it is critical for the programmes planned for the year. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R1.727 million for the 2013/14 financial year and equates to 1.4 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard will mean bringing a range of assets previously not included in the assets register onto the register. This will result in a significant increase in depreciation in the coming years.

Bulk purchases are directly informed by the cost charged for purified water out the Ngagane plant. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the infrastructure.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2013/14 MTREF this group of expenditure will be critically evaluated and operational efficiencies will be enforced. In the 2013/14 financial year, this group of expenditure totals R11.215 million and we will continue to critically review and monitor these inorder to realise operational efficiencies. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2013/14 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6 per cent over the 2013/14 MTREF and curbed for the last year of the MTREF indicating our commitment to cost saving. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

The following figure gives a breakdown of the main expenditure categories for the 2013/14 financial year.

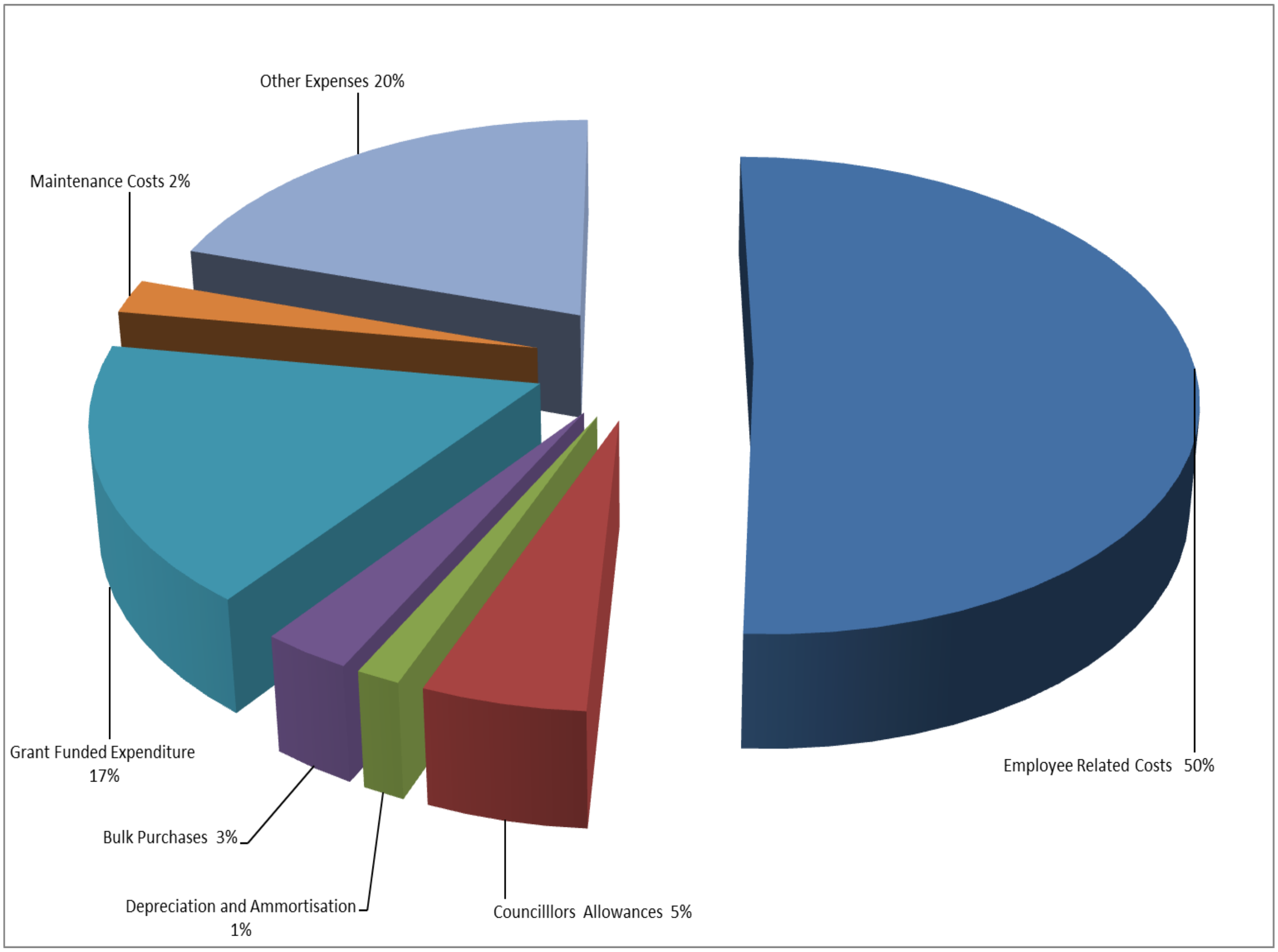


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 11 Operational repairs and maintenance

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class										
Other assets		2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially reviewed and although was reduced for 2013/14 it will be increased over the MTREF period. Notwithstanding this reduction, as part of the 2013/14 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 5.8, 5.8 and 6 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 12 Repairs and maintenance per asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class										
Other assets		2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184

1.5.2 Free Basic Services: Basic Social Services Package

The social package is aimed to assist households that are poor or face other circumstances that limit their ability to pay for services. The municipality has adopted an Indigent Support Policy as part of its policy review exercise. For households to be eligible for assistance, households will be required to register in terms of the municipality's Indigent Policy. The aim is to identify the households that require assistance and to determine the level of assistance the municipality can afford. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed through the local government equitable share received by the municipality in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 2013/14 Medium-term capital budget per vote

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard											
Governance and administration		22,226	15,652	1,266	2,000	4,208	4,208	4,208	500	1,000	1,950
Executive and council					–	1,000	1,000	1,000	–	–	1,350
Budget and treasury office					–	50	50	50	–	–	300
Corporate services		22,226	15,652	1,266	2,000	3,158	3,158	3,158	500	1,000	300
Community and public safety		–	–	1,494	1,550	1,625	1,625	1,625	253	1,268	582
Community and social services					500	50	50	50	–	1,000	300
Sport and recreation		–	–	1,494	1,050	1,575	1,575	1,575	253	268	282
Economic and environmental services		–	–	–	1,000	1,000	1,000	1,000	800	1,000	650
Planning and development					1,000	1,000	1,000	1,000	800	1,000	650
Environmental protection											
Trading services		–	–	–	69,768	89,419	89,419	89,419	64,432	60,030	75,425
Water		–	–	–	69,768	89,419	89,419	89,419	64,432	60,030	75,425
Waste water management											
Other											–
Total Capital Expenditure - Standard	3	22,226	15,652	2,760	74,318	96,252	96,252	96,252	65,985	63,298	78,607

For 2013/14 an amount of R64.432 million has been appropriated for the development of infrastructure which represents 97.6 per cent of the total capital budget. In the outer years this amount totals R60.030 million, 94.8 per cent and R75.425 million, 96.0 per cent respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

• Buffalo Flats Water Supply	R15 million
• Buffalo Flats Sanitation	R19.727 million
• Emadlangeni Rural Water Supply	R20.970 million
• Emadlangeni Sanitation	R7.735 million
• EPWP Programme	R1 million

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 14 MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	–	–	–	22,010	22,010	22,010	22,010	14,892	15,652	16,450
Investment revenue	7,484	1,849	940	–	750	750	750	750	800	850
Transfers recognised - operational	63,611	78,331	125,750	109,629	114,432	114,432	114,432	110,684	120,246	127,230
Other own revenue	431	6,961	303	40	353	353	353	200	207	215
Total Revenue (excluding capital transfers and contributions)	71,526	87,142	126,993	131,679	137,544	137,544	137,544	126,526	136,904	144,745
Employee costs	30,214	34,640	36,403	49,687	49,912	49,912	49,912	63,017	66,940	71,090
Remuneration of councillors	3,008	3,886	4,223	6,002	6,332	6,332	6,332	6,362	6,686	7,014
Depreciation & asset impairment	3,910	4,421	5,381	1,625	1,625	1,625	1,625	1,727	1,815	1,904
Finance charges	14	6	–	–	–	–	–	1,400	1,478	1,558
Materials and bulk purchases	–	–	–	4,772	4,772	4,772	4,772	3,493	3,671	3,851
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	94,543	108,006	124,661	64,268	72,422	72,422	72,422	47,896	51,012	54,047
Total Expenditure	131,689	150,958	170,668	126,353	135,062	135,062	135,062	123,895	131,603	139,464
Surplus/(Deficit)	(60,163)	(63,817)	(43,675)	5,326	2,482	2,482	2,482	2,632	5,302	5,281
Transfers recognised - capital	–	–	–	(70,818)	(90,994)	(90,994)	(90,994)	(64,685)	(60,998)	(76,557)
Contributions recognised - capital & contributed a	60,163	53,480	49,513	70,818	90,994	90,994	90,994	63,385	57,998	73,357
Surplus/(Deficit) after capital transfers & contributions	–	(10,336)	5,838	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	(10,336)	5,838	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Capital expenditure & funds sources										
Capital expenditure	22,226	15,652	2,760	74,318	96,252	96,252	96,252	65,985	63,298	78,607
Transfers recognised - capital	–	–	1,494	70,818	90,994	90,994	90,994	64,685	60,298	75,407
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	22,226	15,652	1,266	3,500	5,258	5,258	5,258	1,300	3,000	3,200
Total sources of capital funds	22,226	15,652	2,760	74,318	96,252	96,252	96,252	65,985	63,298	78,607
Financial position										
Total current assets	62,986	7,995	15,886	63,412	63,412	63,412	63,412	63,412	46,732	41,332
Total non current assets	54,274	847,827	837,953	838,287	838,287	838,287	838,287	838,287	893,628	962,335
Total current liabilities	55,223	77,224	70,973	58,365	58,365	58,365	58,365	57,551	51,212	45,275
Total non current liabilities	17	17	–	–	–	–	–	–	–	–
Community wealth/Equity	62,019	778,581	782,866	843,335	843,335	843,335	843,335	844,148	889,148	958,392
Cash flows										
Net cash from (used) operating	(40,537)	(66,831)	30,202	79,644	98,734	98,734	98,734	67,317	65,600	80,688
Net cash from (used) investing	(11,968)	986	(10,952)	(74,318)	(96,252)	(96,252)	(96,252)	(65,985)	(63,298)	(78,607)
Net cash from (used) financing	(77)	(96)	(17)	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	54,293	(11,649)	7,584	42,516	39,672	39,672	39,672	59,521	61,823	63,904
Cash backing/surplus reconciliation										
Cash and investments available	54,293	(4,065)	7,584	58,190	58,190	58,190	58,190	58,190	41,510	36,110
Application of cash and investments	44,997	62,426	61,059	51,594	51,419	51,419	51,419	51,334	44,953	38,976
Balance - surplus (shortfall)	9,296	(66,491)	(53,475)	6,596	6,771	6,771	6,771	6,856	(3,444)	(2,866)
Asset management										
Asset register summary (WDV)	54,274	65,125	62,836	63,170	63,170	63,170	63,170	63,170	118,511	187,217
Depreciation & asset impairment	3,910	4,421	5,381	1,625	1,625	1,625	1,727	1,727	1,815	1,904
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	2,244	2,069	906	4,254	4,254	3,078	2,888	2,888	3,036	3,184
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Internally generated funds are financed from the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2014/15 the water backlog will have been very nearly eliminated.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard										
Governance and administration		121,694	139,677	90,882	87,829	91,244	91,244	95,123	102,469	109,886
Executive and council		76,786	83,216	44,877	37,689	39,689	39,689	39,946	42,525	45,649
Budget and treasury office		44,572	56,005	45,869	50,140	50,893	50,893	55,067	59,832	64,122
Corporate services		335	455	135	–	662	662	110	112	115
Community and public safety		1,692	127	19	1,080	1,755	1,755	333	353	372
Community and social services		688	127	19	1,080	1,755	1,755	333	353	372
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		1,004	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		54,983	50,917	36,144	400	2,176	2,176	1,706	3,221	2,051
Planning and development		1,743	3,766	43	400	400	400	–	1,200	–
Road transport		53,241	47,152	36,101	–	1,776	1,776	1,706	2,021	2,051
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	42,370	42,370	42,370	29,364	30,862	32,436
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	42,370	42,370	42,370	29,364	30,862	32,436
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	178,369	190,722	127,045	131,679	137,544	137,544	126,526	136,904	144,745
Expenditure - Standard										
Governance and administration		73,485	89,204	46,411	41,527	45,140	45,140	45,458	48,017	50,675
Executive and council		54,694	63,340	24,149	14,039	16,587	16,587	17,828	18,839	19,887
Budget and treasury office		9,501	13,446	9,781	13,775	13,401	13,401	12,587	13,251	13,937
Corporate services		9,289	12,417	12,480	13,712	15,151	15,151	15,042	15,926	16,851
Community and public safety		27,477	32,041	13,671	22,029	20,097	20,097	20,208	21,356	22,607
Community and social services		1,082	915	961	1,518	698	698	618	657	699
Sport and recreation		20,368	25,635	9,021	13,814	13,492	13,492	13,906	14,729	15,589
Public safety		6,027	5,492	3,690	6,697	5,907	5,907	5,683	5,969	6,319
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		77,408	79,813	61,124	33,267	36,795	36,795	33,623	37,996	40,806
Planning and development		17,087	24,539	11,790	25,263	27,196	27,196	23,482	27,006	29,219
Road transport		60,321	55,274	49,334	8,004	9,600	9,600	10,141	10,990	11,587
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	29,531	33,031	33,031	25,906	27,234	28,576
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	29,531	33,031	33,031	25,906	27,234	28,576
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	178,369	201,058	121,207	126,353	135,062	135,062	125,195	134,603	142,664
Surplus/(Deficit) for the year		–	(10,336)	5,838	5,326	2,482	2,482	1,332	2,302	2,081

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Water and Waste water functions. As already noted above, the municipality will be undertaking a detailed study of all it functional areas to explore ways of improving efficiencies and provide a basis for re-evaluating the function's funding structure.

4.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote	1									
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILL(		76,786	83,216	44,877	37,689	39,689	39,689	39,946	42,525	45,649
Vote 2 - BUDGET AND TREASURY OFFICE		44,572	56,005	45,869	50,140	50,893	50,893	55,067	59,832	64,122
Vote 3 - CORPORATE SERVICES		335	455	135	–	662	662	110	112	115
Vote 4 - COMMUNITY SERVICES		1,692	127	19	1,080	1,755	1,755	333	353	372
Vote 5 - ENGINEERING SERVICES		53,241	47,152	35,875	42,370	44,146	44,146	31,070	32,883	34,487
Vote 6 - DEVELOPMENT PLANNING		1,743	3,766	43	400	400	400	–	1,200	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	178,369	190,722	126,819	131,679	137,544	137,544	126,526	136,904	144,745
Expenditure by Vote *to be appropriated*	1									
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILL(		54,694	63,340	24,149	14,039	16,587	16,587	17,828	18,839	19,887
Vote 2 - BUDGET AND TREASURY OFFICE		9,501	13,446	9,781	13,775	13,401	13,401	12,587	13,251	13,937
Vote 3 - CORPORATE SERVICES		9,289	12,417	12,480	13,712	15,151	15,151	15,042	15,926	16,851
Vote 4 - COMMUNITY SERVICES		27,477	32,041	13,671	22,029	20,097	20,097	20,208	21,356	22,607
Vote 5 - ENGINEERING SERVICES		60,321	55,274	49,109	37,534	42,630	42,630	36,047	38,225	40,163
Vote 6 - DEVELOPMENT PLANNING		17,087	24,539	11,790	25,263	27,196	27,196	23,482	27,006	29,219
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	178,369	201,058	120,981	126,353	135,062	135,062	125,195	134,603	142,664
Surplus/(Deficit) for the year	2	–	(10,336)	5,838	5,326	2,482	2,482	1,332	2,302	2,081

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

2. The surplus on the water account remains relatively constant over the MTREF translating into a surplus of 30 per cent, 28 per cent and 25 per cent for each of the respective financial years.

3. Note that the surplus on the trading account is utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services*.

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	18,186	18,186	18,186	18,186	12,373	13,003	13,667
Service charges - sanitation revenue	2	–	–	–	3,824	3,824	3,824	3,824	2,520	2,648	2,783
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		7,484	1,849	940		750	750	750	750	800	850
Interest earned - outstanding debtors											
Dividends received											
Fines											
Licences and permits											
Agency services											
Transfers recognised - operational		63,611	78,331	125,750	109,629	114,432	114,432	114,432	110,684	120,246	127,230
Other revenue	2	431	6,961	303	40	353	353	353	200	207	215
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		71,526	87,142	126,993	131,679	137,544	137,544	137,544	126,526	136,904	144,745
Expenditure By Type											
Employee related costs	2	30,214	34,640	36,403	49,687	49,912	49,912	49,912	63,017	66,940	71,090
Remuneration of councillors		3,008	3,886	4,223	6,002	6,332	6,332	6,332	6,362	6,686	7,014
Debt impairment	3										
Depreciation & asset impairment	2	3,910	4,421	5,381	1,625	1,625	1,625	1,625	1,727	1,815	1,904
Finance charges		14	6						1,400	1,478	1,558
Bulk purchases	2	–	–	–	4,772	4,772	4,772	4,772	3,493	3,671	3,851
Other materials	8										
Contracted services		–	–	–	11,645	–	–	–	11,215	11,787	12,364
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	94,543	108,006	124,661	52,623	72,422	72,422	72,422	36,681	39,225	41,683
Loss on disposal of PPE									–		
Total Expenditure		131,689	150,958	170,668	126,353	135,062	135,062	135,062	123,895	131,603	139,464
Surplus/(Deficit)		(60,163)	(63,817)	(43,675)	5,326	2,482	2,482	2,482	2,632	5,302	5,281
Transfers recognised - capital		–	–	–	(70,818)	(90,994)	(90,994)	(90,994)	(64,685)	(60,998)	(76,557)
Contributions recognised - capital	6	60,163	53,480	49,513	70,818	90,994	90,994	90,994	64,685	60,998	76,557
Contributed assets								–	(1,300)	(3,000)	(3,200)
Surplus/(Deficit) after capital transfers & contributions		–	(10,336)	5,838	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Taxation											
Surplus/(Deficit) after taxation		–	(10,336)	5,838	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		–	(10,336)	5,838	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Share of surplus/ (deficit) of associate	7								–		
Surplus/(Deficit) for the year		–	(10,336)	5,838	5,326	2,482	2,482	2,482	1,332	2,302	2,081

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R131.679 million in 2012/13 and escalates to R140.827 million by 2014/15. This represents a year-on-year increase of 4.6 per cent for the 2013/14 financial year and 2.2 per cent for the 2014/15 financial year.
2. Services charges relating to water and sanitation contribute to the municipal revenue basket R22.010 million for the 2012/13 financial year and increasing to R24.497 million by 2014/15. For the 2012/13 financial year services charges amount to 16.7 per cent of the total revenue base and grows by 5 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the cost of bulk water.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
4. The following graph illustrates the major expenditure items per type.

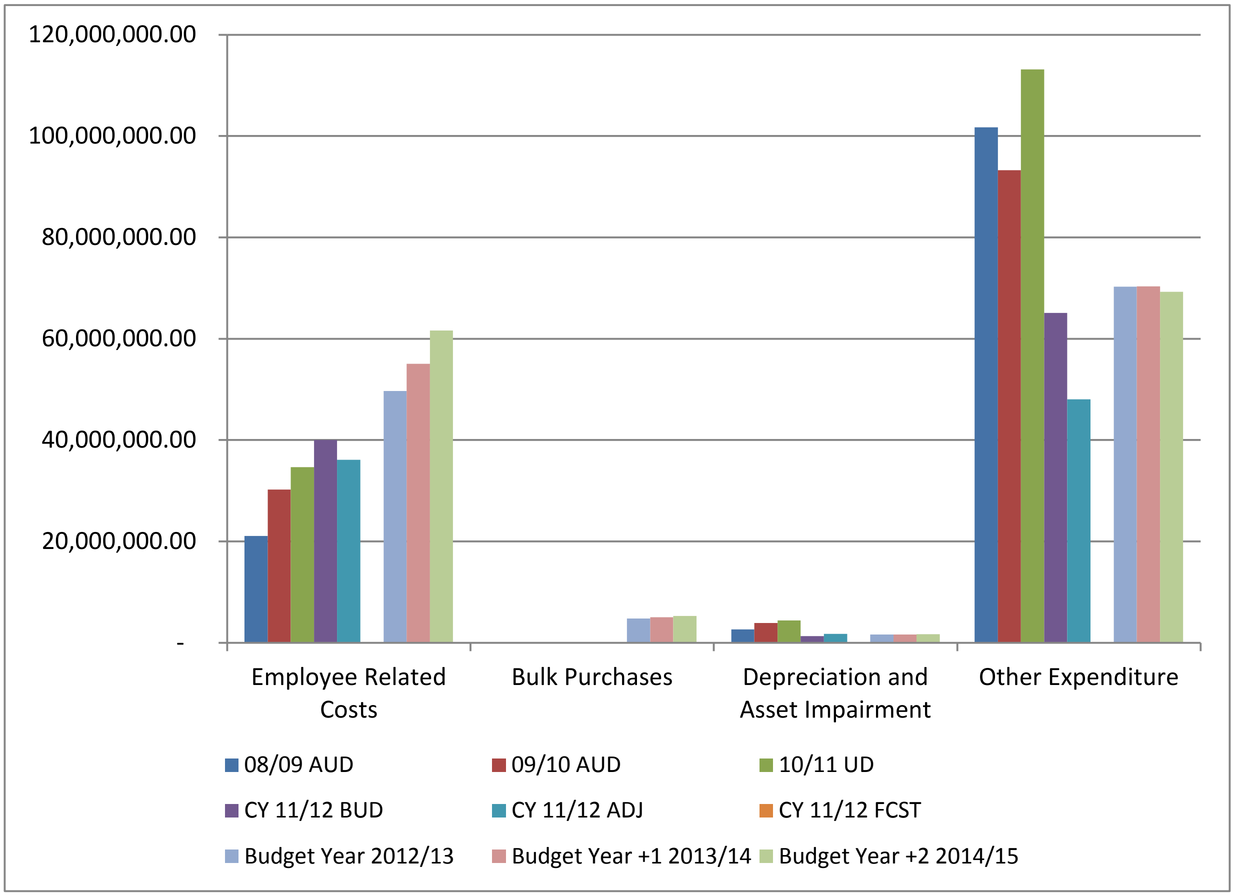


Figure 2 Expenditure by major type

5. Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and tariff increases in future years.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILL(		–	–	–	–	–	–	–	–	–	–
Vote 2 - BUDGET AND TREASURY OFFICE		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - COMMUNITY SERVICES		–	–	1,494	1,050	1,575	1,575	1,575	253	268	282
Vote 5 - ENGINEERING SERVICES		–	–	–	69,768	89,419	89,419	89,419	64,432	60,030	75,125
Vote 6 - DEVELOPMENT PLANNING		–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	1,494	70,818	90,994	90,994	90,994	64,685	60,298	75,407
Single-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILL(		–	–	–	–	1,000	1,000	1,000	–	–	1,350
Vote 2 - BUDGET AND TREASURY OFFICE		–	–	–	–	50	50	50	–	–	300
Vote 3 - CORPORATE SERVICES		22,226	15,652	1,266	2,000	3,158	3,158	3,158	500	1,000	300
Vote 4 - COMMUNITY SERVICES		–	–	–	500	50	50	50	–	1,000	300
Vote 5 - ENGINEERING SERVICES		–	–	–	–	–	–	–	–	–	300
Vote 6 - DEVELOPMENT PLANNING		–	–	–	1,000	1,000	1,000	1,000	800	1,000	650
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		22,226	15,652	1,266	3,500	5,258	5,258	5,258	1,300	3,000	3,200
Total Capital Expenditure - Vote		22,226	15,652	2,760	74,318	96,252	96,252	96,252	65,985	63,298	78,607
Capital Expenditure - Standard											
Governance and administration		22,226	15,652	1,266	2,000	4,208	4,208	4,208	500	1,000	1,950
Executive and council					–	1,000	1,000	1,000	–	–	1,350
Budget and treasury office					–	50	50	50	–	–	300
Corporate services		22,226	15,652	1,266	2,000	3,158	3,158	3,158	500	1,000	300
Community and public safety		–	–	1,494	1,550	1,625	1,625	1,625	253	1,268	582
Community and social services					500	50	50	50	–	1,000	300
Sport and recreation		–	–	1,494	1,050	1,575	1,575	1,575	253	268	282
Public safety											
Housing											
Health											
Economic and environmental services		–	–	–	1,000	1,000	1,000	1,000	800	1,000	650
Planning and development					1,000	1,000	1,000	1,000	800	1,000	650
Road transport											
Environmental protection											–
Trading services		–	–	–	69,768	89,419	89,419	89,419	64,432	60,030	75,425
Electricity											
Water		–	–	–	69,768	89,419	89,419	89,419	64,432	60,030	75,425
Waste water management											
Waste management											
Other											–
Total Capital Expenditure - Standard	3	22,226	15,652	2,760	74,318	96,252	96,252	96,252	65,985	63,298	78,607
Funded by:											
National Government				1,494	70,818	90,994	90,994	90,994	47,462	41,650	41,625
Provincial Government									17,223	18,648	33,782
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	–	–	1,494	70,818	90,994	90,994	90,994	64,685	60,298	75,407
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		22,226	15,652	1,266	3,500	5,258	5,258	5,258	1,300	3,000	3,200
Total Capital Funding	7	22,226	15,652	2,760	74,318	96,252	96,252	96,252	65,985	63,298	78,607

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R70.818 million has been allocated of the total R74.318 million capital budget, which totals 95.3 per cent. This allocation declines to R57.1 million in 2013/14 and slightly increases to R63.472 million in 2014/15.

3. Single-year capital expenditure has been appropriated at R3.5 million for the 2012/13 financial year and remains relatively constant over the MTREF at levels of R2.5 million and R2 million respectively for the two outer years.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from capital and provincial grants and transfers and internally generated funds from current year surpluses. For 2012/13, capital transfers total R70.818 million and declines to R61.472 million by 2014/15. Internally generated funding totals R3.5 million, R2.5 million and R2 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 19 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash		54,293		739	43,105	43,105	43,105	43,105	43,105	25,689	18,260
Call investment deposits	1	–	1,401	6,845	15,085	15,085	15,085	15,085	15,085	15,821	17,850
Consumer debtors	1	–	–	–	–	–	–	–	–	–	–
Other debtors		8,693	6,594	8,302	5,222	5,222	5,222	5,222	5,222	5,222	5,222
Current portion of long-term receivables											
Inventory	2										
Total current assets		62,986	7,995	15,886	63,412	63,412	63,412	63,412	63,412	46,732	41,332
Non current assets											
Long-term receivables											
Investments			7,584								
Investment property											
Investment in Associate			775,117	775,117	775,117	775,117	775,117	775,117	775,117	775,117	775,117
Property, plant and equipment	3	54,274	64,913	62,836	62,958	62,958	62,958	62,958	62,958	118,298	187,005
Agricultural											
Biological											
Intangible			212		212	212	212	212	212	212	212
Other non-current assets											
Total non current assets		54,274	847,827	837,953	838,287	838,287	838,287	838,287	838,287	893,628	962,335
TOTAL ASSETS		117,260	855,822	853,839	901,700	901,700	901,700	901,700	901,700	940,360	1,003,667
LIABILITIES											
Current liabilities											
Bank overdraft	1		13,050								
Borrowing	4	96	–	–	–	–	–	–	–	–	–
Consumer deposits											
Trade and other payables	4	53,690	62,962	69,361	56,816	56,816	56,816	56,816	56,816	50,439	44,465
Provisions		1,438	1,212	1,612	1,549	1,549	1,549	1,549	735	773	811
Total current liabilities		55,223	77,224	70,973	58,365	58,365	58,365	58,365	57,551	51,212	45,275
Non current liabilities											
Borrowing		17	17	–	–	–	–	–	–	–	–
Provisions		–	–	–	–	–	–	–	–	–	–
Total non current liabilities		17	17	–	–	–	–	–	–	–	–
TOTAL LIABILITIES		55,241	77,241	70,973	58,365	58,365	58,365	58,365	57,551	51,212	45,275
NET ASSETS	5	62,019	778,581	782,866	843,335	843,335	843,335	843,335	844,148	889,148	958,392
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		62,019	778,581	782,866	843,335	843,335	843,335	843,335	844,148	889,148	958,392
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	62,019	778,581	782,866	843,335	843,335	843,335	843,335	844,148	889,148	958,392

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		431	566	303	22,050	23,112	23,112	23,112	15,842	16,659	17,515
Government - operating	1	123,773	131,811	88,571	109,629	114,432	114,432	114,432	110,684	120,246	127,230
Government - capital	1			37,179	74,318	96,252	96,252	96,252	65,985	63,298	78,607
Interest		7,484	1,849	992							
Dividends											
Payments											
Suppliers and employees		(168,302)	(196,632)	(96,843)	(126,353)	(135,062)	(135,062)	(135,062)	(125,195)	(134,603)	(142,664)
Finance charges		(14)	(6)								
Transfers and Grants	1	(3,910)	(4,421)								
NET CASH FROM/(USED) OPERATING ACTIVITIES		(40,537)	(66,831)	30,202	79,644	98,734	98,734	98,734	67,317	65,600	80,688
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			275								
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		(30,279)	(40,512)	(8,192)							
Decrease (increase) in non-current investments		40,537	56,495								
Payments											
Capital assets		(22,226)	(15,272)	(2,760)	(74,318)	(96,252)	(96,252)	(96,252)	(65,985)	(63,298)	(78,607)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(11,968)	986	(10,952)	(74,318)	(96,252)	(96,252)	(96,252)	(65,985)	(63,298)	(78,607)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(77)	(96)	(17)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		(77)	(96)	(17)	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(52,581)	(65,941)	19,232	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Cash/cash equivalents at the year begin:	2	106,874	54,293	(11,649)	37,190	37,190	37,190	37,190	58,190	59,521	61,823
Cash/cash equivalents at the year end:	2	54,293	(11,649)	7,584	42,516	39,672	39,672	39,672	59,521	61,823	63,904

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	54,293	(11,649)	7,584	42,516	39,672	39,672	39,672	59,521	61,823	63,904
Other current investments > 90 days		–	–	(0)	15,674	18,518	18,518	18,518	(1,332)	(20,314)	(27,794)
Non current assets - Investments	1	–	7,584	–	–	–	–	–	–	–	–
Cash and investments available:		54,293	(4,065)	7,584	58,190	58,190	58,190	58,190	58,190	41,510	36,110
Application of cash and investments											
Unspent conditional transfers		25,193	22,398	–	24,961	24,961	24,961	24,961	24,961	22,850	18,500
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	19,804	40,028	61,059	26,633	26,458	26,458	26,458	26,373	22,103	20,476
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		44,997	62,426	61,059	51,594	51,419	51,419	51,419	51,334	44,953	38,976
Surplus(shortfall)		9,296	(66,491)	(53,475)	6,596	6,771	6,771	6,771	6,856	(3,444)	(2,866)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. It can be seen that the cash levels of the municipality fell significantly over the 2009/10 to 2010/11 period owing directly to a net decrease in cash for the 2009/10 financial year of R52.581 million as well as the R65.941 net decrease in cash for the 2010/11 financial year.

4. The net decrease in cash of R65.941 million for the 2010/11 financial year resulted in an overall projected negative cash position of R11.649 million at year end.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

5. From the table it can be seen that for the period 2008/09 to 2010/11 the surplus deteriorated from R40.663 million to a deficit of R64.826 million.

6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was not funded owing to the significant deficit.

7. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

8. As can be seen the budget has been modelled to progressively move from a deficit of R10.164 million in 2011/12 to a surplus of R7.407 million by 2014/15.

Table 22 MBRR Table A9 - Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE										
Total New Assets	1	22,226	15,652	2,760	74,318	96,252	96,252	65,985	63,298	78,607
Infrastructure - Road transport		–	–	–	1,776	1,776	1,776	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	33,992	55,677	55,677	47,462	41,650	41,625
Infrastructure - Sanitation		–	–	–	33,000	31,550	31,550	15,970	19,080	34,650
Infrastructure - Other		–	–	–	1,000	966	966	1,000	–	–
Infrastructure		–	–	–	*69,768*	*89,969*	*89,969*	*64,432*	*60,730*	*76,275*
Community		–	–	–	1,050	1,575	1,575	253	268	282
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	22,226	15,652	2,760	3,500	4,708	4,708	1,300	2,300	2,050
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		–	–	–	1,776	1,776	1,776	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	33,992	55,677	55,677	47,462	41,650	41,625
Infrastructure - Sanitation		–	–	–	33,000	31,550	31,550	15,970	19,080	34,650
Infrastructure - Other		–	–	–	1,000	966	966	1,000	–	–
Infrastructure		–	–	–	*69,768*	*89,969*	*89,969*	*64,432*	*60,730*	*76,275*
Community		–	–	–	1,050	1,575	1,575	253	268	282
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		22,226	15,652	2,760	3,500	4,708	4,708	1,300	2,300	2,050
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	22,226	15,652	2,760	74,318	96,252	96,252	65,985	63,298	78,607
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		–	–	–	–	–	–	–	–	–
Community										
Heritage assets										
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		54,274	64,913	62,836	62,958	62,958	62,958	62,958	118,298	187,005
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	212	–	212	212	212	212	212	212
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	54,274	65,125	62,836	63,170	63,170	63,170	63,170	118,511	187,217
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		3,910	4,421	5,381	1,625	1,625	1,625	1,727	1,815	1,904
Repairs and Maintenance by Asset Class	3	2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184
TOTAL EXPENDITURE OTHER ITEMS		6,154	6,489	6,287	5,879	5,879	4,703	4,616	4,851	5,089
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE		*4.1%*	*3.2%*	*1.4%*	*6.8%*	*6.8%*	*4.9%*	*4.6%*	*2.6%*	*1.7%*
Renewal and R&M as a % of PPE		*4.0%*	*3.0%*	*1.0%*	*7.0%*	*7.0%*	*5.0%*	*5.0%*	*3.0%*	*2.0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Water:										
Piped water inside dwelling		3,233	3,245	3,293	4,543	4,543	4,543	4,548	4,617	5,274
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2	10,606	12,739	15,285	19,471	19,471	19,471	19,491	19,789	21,577
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		13,839	15,984	18,578	24,014	24,014	24,014	24,039	24,406	26,851
Using public tap (< min.service level)	3	100,018	101,493	102,328	96,966	96,966	96,966	97,157	98,948	99,915
Other water supply (< min.service level)	4	1,450	1,568	1,598	1,948	1,948	1,948	1,955	1,979	2,697
No water supply		11,234	9,101	6,555	6,880	6,880	6,880	6,786	6,592	5,394
Below Minimum Service Level sub-total		112,702	112,162	110,481	105,794	105,794	105,794	105,898	107,519	108,006
Total number of households	5	126,541	128,146	129,059	129,808	129,808	129,808	129,937	131,925	134,857
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		1,593	1,601	1,601	1,947	1,947	1,947	2,079	2,374	2,697
Flush toilet (with septic tank)		661	668	691	778	778	778	780	792	934
Chemical toilet										
Pit toilet (ventilated)		2,301	2,608	3,141	3,245	3,245	3,245	3,250	3,298	4,045
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		4,555	4,877	5,433	5,970	5,970	5,970	6,109	6,464	7,676
Bucket toilet										
Other toilet provisions (< min.service level)		100,958	102,151	102,328	101,771	101,771	101,771	101,739	103,034	107,000
No toilet provisions		21,028	21,118	21,298	22,067	22,067	22,067	22,089	22,427	20,228
Below Minimum Service Level sub-total		121,986	123,269	123,626	123,838	123,838	123,838	123,828	125,461	127,228
Total number of households	5	126,541	128,146	129,059	129,808	129,808	129,808	129,937	131,925	134,904
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Refuse:										
Removed at least once a week										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)										
Total cost of FBS provided (minimum social packa		–	–	–	–	–	–	–	–	–
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of free services provided (total social package)		–	–	–	–	–	–	–	–	–

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

2. The municipality continues to make considerable effort to eradicate backlogs.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2012.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 Community Consultation

The draft 2013/14 MTREF as tabled before Council on 28 March 2013 for community consultation was published on the municipality's website, and hard copies were made available at municipal notice boards and various libraries. In addition, public consultation meetings were held in each of the local municipalities comprising the district.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2013/14 MTREF. Feedback and responses to the submissions received are available on request.

The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Decent housing and provision of sustainable human settlements which should have access to basic services.
- Constructive negotiations with the Land owners for the allocation of stands and provision or making land available for development.
- Provision of decent sanitation system in all wards in rural/semi-rural parts of the Amajuba District.
- Construction and maintenance/grading of access roads with storm water drainage.
- Fast-track the provision of electricity or solar electricity in areas that still has no such services.
- Establishment or revival of Sports and recreational facilities.
- Ward Report Back sessions should not to be once off.
- Intense review and urgent implementation of the Rural Development Strategy with reference to infrastructural development plan and Land redistribution
- Consider the building of multipurpose, youth and Adult centres, clinics or make temporary facilities available.
- Improve on construction of facilities accessible to disabled people.
- Instilling more emphasis on Sukuma Sakhe Programmes by having War Rooms in all wards in the Amajuba District Vicinity.
- Consider creating economic development initiatives and programmes to ensure creation of economically sustainable employment opportunities and poverty alleviation projects.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best

solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 24 IDP Strategic Objectives

Strategic Objective	Programme / Initiative
Enhance **Local Economic Growth and Development**	Continued support of the Following Programmes: **Agric Programmes and Rural Development;** Crop Production; Vegetable Production; Hydroponic and Aquaponic Production; Dairy; Beef Production; Development of emerging commercial farmers **Tourism** Rejuvenation of municipal community facilities; Supporting strategic events; Supporting strategic projects

	to enhance tourism **Infrastructure** Development of Water resources and Irrigation for sustainable water supply and food security. **SMME** Continued assistance and facilitation **Poverty Alleviation** Assist entrepreneurs to grow and achieve their goals in order to be sustainable
Promote **Economic Skills and Development**	Continued Implementation of ADM Five year Skills Development Plan through the FET; Private FET and other training Institutions, in the relevant sectors eg Artisans, IT, Agric Sector, SMME, Tourism, Environmental Awareness
Promote **Infrastructure Development**	
Promote **Community Development**	
Promote **Service Delivery**	
Promote **Community Participation**	Restructure Amajuba Forum For Economic Development; Restructure the IDP Forum,
Promote **Good Financial Management**	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide water;
    - Provide sanitation; and
    - Maintaining the infrastructure of the municipality.

2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring planning processes function in accordance with set timeframes;
    - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
- Ensuring all waste water treatment works are operating optimally;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
    - Optimising effective community participation; and
    - Implementing Batho Pele in the municipal management strategy.

5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

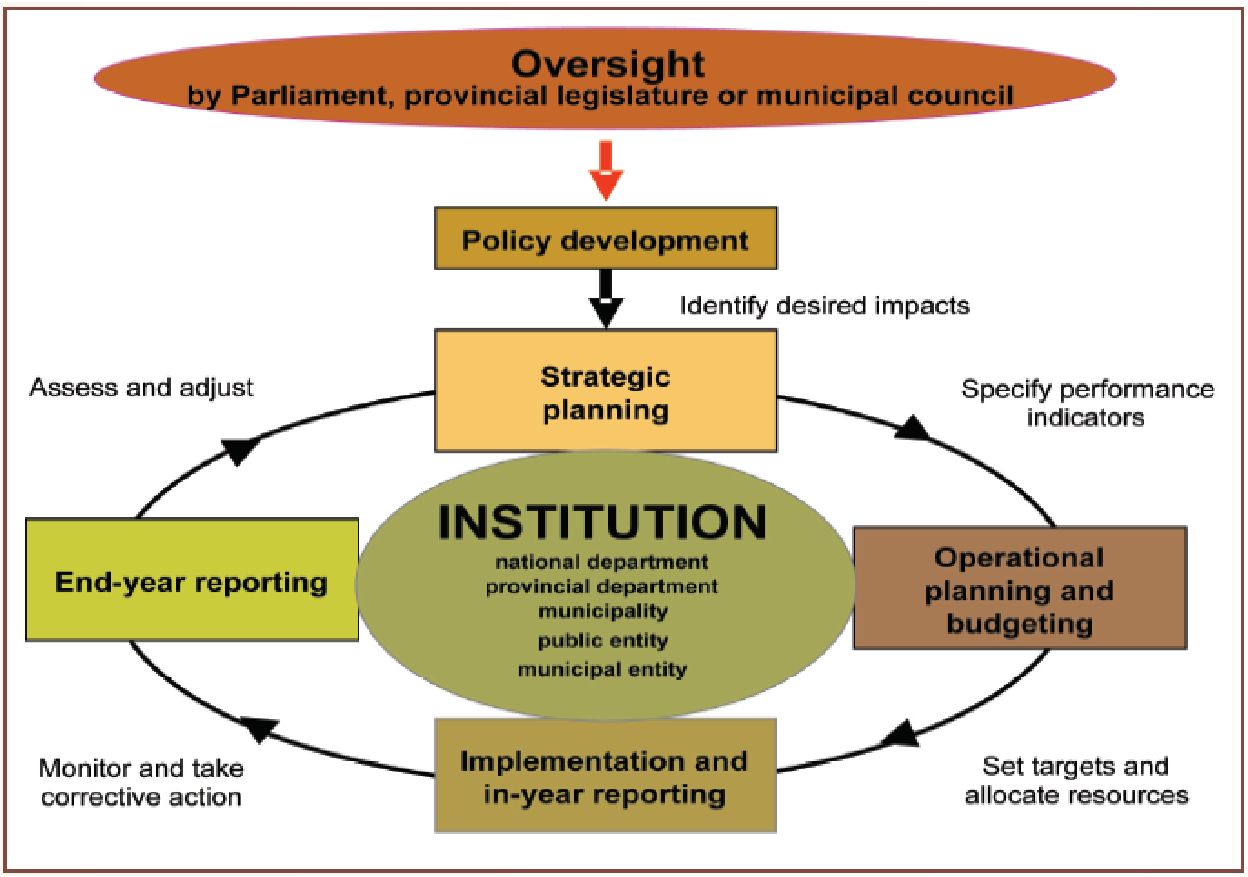


Figure 3 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

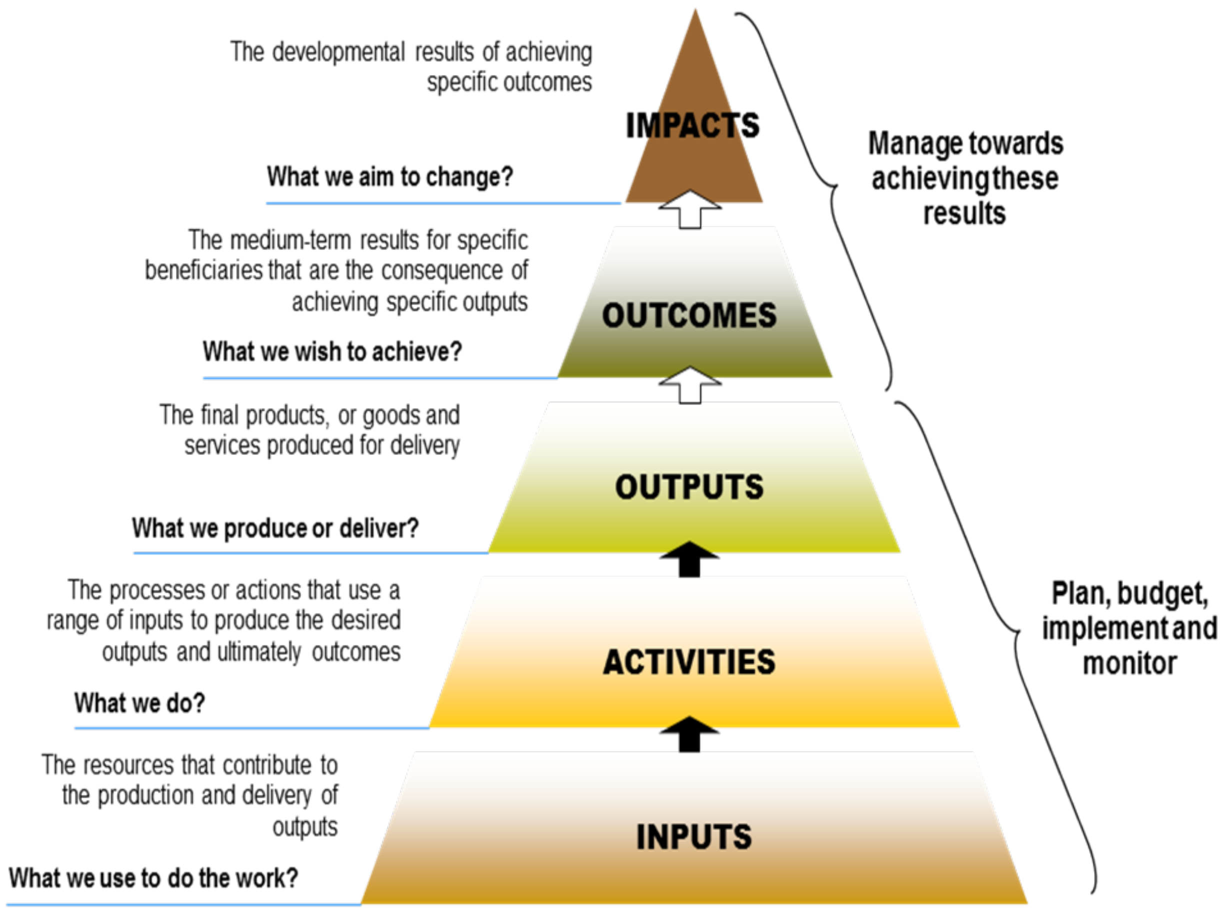


Figure 4 Definition of performance information concepts

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 25 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.1%	1.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.1%	1.2%	1.4%	0.0%	0.0%	0.0%	0.0%	8.8%	8.9%	8.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.1	0.1	0.2	1.1	1.1	1.1	1.1	1.1	0.9	0.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.1	0.2	1.1	1.1	1.1	1.1	1.1	0.9	0.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	0.0	0.1	1.0	1.0	1.0	1.0	1.0	0.8	0.8
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		-6926.1%	-573.8%	-2603.6%	100.0%	103.4%	103.4%	103.4%	105.0%	105.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.0%	8.1%	100.0%	100.0%	103.4%	103.4%	103.4%	105.0%	105.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.2%	7.6%	6.5%	4.0%	3.8%	3.8%	3.8%	4.1%	3.8%	3.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		52.5%	-348.2%	914.6%	74.9%	80.3%	80.3%	80.3%	53.5%	44.6%	40.6%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	42.2%	39.8%	28.7%	37.7%	36.3%	36.3%	36.3%	49.8%	48.9%	49.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	46.4%	44.2%	32.0%	46.3%	44.7%	44.7%		54.8%	53.8%	54.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.1%	2.4%	0.7%	3.2%	3.1%	2.2%		2.3%	2.2%	2.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.5%	5.1%	4.2%	1.2%	1.2%	1.2%	1.2%	2.5%	2.4%	2.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	4.1	8.7	–	–	–	–	–	–	–	–
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	23.7%	23.7%	23.7%	23.7%	35.1%	33.4%	31.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.2	(1.7)	1.0	5.5	5.3	5.3	5.3	7.1	7.0	6.8

Providing clean water and managing waste water

The municipality is the Water Services Authority for the Emadlangeni and Danhausser local municipalities in terms of the Water Services Act, 1997 and has appointed uThukela Water (Pty) Ltd as a water services provider. The Newcastle local Municipality was designated as a water services authority in its area of jurisdiction. Approximately 85 per cent of the municipality's bulk water needs are provided directly by the Ngagane WaterPlant which is in the Newcastle WSA area. The remaining portion is generated from smaller water works and other sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

2.4 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 26 MBRR Table A7 - Budget cash flow statement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		431	566	303	22,050	23,112	23,112	23,112	15,842	16,659	17,515
Government - operating	1	123,773	131,811	88,571	109,629	114,432	114,432	114,432	110,684	120,246	127,230
Government - capital	1			37,179	74,318	96,252	96,252	96,252	65,985	63,298	78,607
Interest		7,484	1,849	992							
Dividends											
Payments											
Suppliers and employees		(168,302)	(196,632)	(96,843)	(126,353)	(135,062)	(135,062)	(135,062)	(125,195)	(134,603)	(142,664)
Finance charges		(14)	(6)								
Transfers and Grants	1	(3,910)	(4,421)								
NET CASH FROM/(USED) OPERATING ACTIVITIES		(40,537)	(66,831)	30,202	79,644	98,734	98,734	98,734	67,317	65,600	80,688
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			275								
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		(30,279)	(40,512)	(8,192)							
Decrease (increase) in non-current investments		40,537	56,495								
Payments											
Capital assets		(22,226)	(15,272)	(2,760)	(74,318)	(96,252)	(96,252)	(96,252)	(65,985)	(63,298)	(78,607)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(11,968)	986	(10,952)	(74,318)	(96,252)	(96,252)	(96,252)	(65,985)	(63,298)	(78,607)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		(77)	(96)	(17)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		(77)	(96)	(17)	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(52,581)	(65,941)	19,232	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Cash/cash equivalents at the year begin:	2	106,874	54,293	(11,649)	37,190	37,190	37,190	37,190	58,190	59,521	61,823
Cash/cash equivalents at the year end:	2	54,293	(11,649)	7,584	42,516	39,672	39,672	39,672	59,521	61,823	63,904

The above table shows that cash and cash equivalents of the municipality were largely depleted between the 2009/10 and 2010/11 financial year moving from a positive cash balance of R54.293 million to a deficit of R11.649 million with the approved 2010/11 MTREF.

2.4.1 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It

is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 27 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available											
Cash/cash equivalents at the year end	1	54,293	(11,649)	7,584	42,516	39,672	39,672	39,672	59,521	61,823	63,904
Other current investments > 90 days		–	–	(0)	15,674	18,518	18,518	18,518	(1,332)	(20,314)	(27,794)
Non current assets - Investments	1	–	7,584	–	–	–	–	–	–	–	–
Cash and investments available:		54,293	(4,065)	7,584	58,190	58,190	58,190	58,190	58,190	41,510	36,110
Application of cash and investments											
Unspent conditional transfers		25,193	22,398	–	24,961	24,961	24,961	24,961	24,961	22,850	18,500
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	19,804	40,028	61,059	26,633	26,458	26,458	26,458	26,373	22,103	20,476
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		44,997	62,426	61,059	51,594	51,419	51,419	51,419	51,334	44,953	38,976
Surplus(shortfall)		9,296	(66,491)	(53,475)	6,596	6,771	6,771	6,771	6,856	(3,444)	(2,866)

From the above table it can be seen that the cash and investments available total R58.19 million in the 2013/14 financial year and progressively decrease to R36.110 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast.

2.4.2 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 28 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	54,293	(11,649)	7,584	42,516	39,672	39,672	39,672	59,521	61,823	63,904
Cash + investments at the yr end less applications - R'000	18(1)b	2	9,296	(66,491)	(53,475)	6,596	6,771	6,771	6,771	6,856	(3,444)	(2,866)
Cash year end/monthly employee/supplier payments	18(1)b	3	9.2	(1.7)	1.0	5.5	5.3	5.3	5.3	7.1	7.0	6.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	(10,336)	5,838	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(38.3%)	(0.9%)	(0.9%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.0%	8.1%	100.0%	100.0%	103.4%	103.4%	103.4%	105.0%	105.0%	105.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	97.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(24.1%)	25.9%	(37.1%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.1%	3.2%	1.4%	6.8%	6.8%	4.9%	4.6%	4.6%	2.6%	1.7%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.5 Expenditure on grants and reconciliations of unspent funds

Table 29 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		80,169	80,492	88,599	109,179	109,179	109,179	109,725	116,665	128,209
Local Government Equitable Share		49,865	38,243	40,477	49,689	49,689	49,689	52,618	55,843	59,647
RSC Levy Replacement		28,819	40,088	43,698	47,630	47,630	47,630	51,917	56,588	60,795
Finance Management		750	1,000	1,250	1,500	1,500	1,500	1,500	1,500	1,500
Municipal Systems Improvement		735	750	790	1,000	1,000	1,000	890	934	967
Water Services Operating Subsidy				1,585	8,360	8,360	8,360	1,500	1,500	5,000
EPWP Incentive			411	799	1,000	1,000	1,000	1,000		
Water Services Operating Subsidy								300	300	300
Provincial Government:		629	3,540	3,940	1,450	1,975	1,975	1,753	268	282
Sport and Recreation		629	420	2,310	1,050	1,575	1,575	253	268	282
COGTA Maintentace Grant-Ground Water Refi				1,630						
Health subsidy			3,120							
Health subsidy								1,500		
District Growth Development Summit					400	400	400			
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	3,976	334	–	5,000	5,000	700	210	–
National Lottery Grant			3,116							
Other Grants			860	334		5,000	5,000	700	210	
Total Operating Transfers and Grants	5	80,798	88,008	92,873	110,629	116,154	116,154	112,178	117,143	128,491
Capital Transfers and Grants										
National Government:		32,130	41,117	50,444	68,768	68,768	68,768	65,138	62,751	78,326
Regional Bulk Infrastructure		3,128	9,735	7,546	17,000	17,000	17,000			
Rural Transport Services and Infrastructure				1,687	1,776	1,776	1,776	1,706	2,021	2,051
Municipal Infrastructure Grant (MIG)		29,002	31,382	41,211	49,992	49,992	49,992	47,462	41,650	41,625
Water Infrastructure Grants								15,970	19,080	34,650
Provincial Government:		–	–	1,000	–	–	–	–	–	–
Boreholes Refurbishment Grant				1,000						
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	236	–	–	–	–	–	–
DBSA Water Infrastructure Grant				236						
Total Capital Transfers and Grants	5	32,130	41,117	51,680	68,768	68,768	68,768	65,138	62,751	78,326
TOTAL RECEIPTS OF TRANSFERS & GRANTS		112,928	129,125	144,553	179,397	184,922	184,922	177,316	179,894	206,817

Table 30 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		1,400	1,065	1,005	–	850	850	–	–	–
Current year receipts		1,485	80,081	86,215	108,179	112,132	112,132	110,684	120,246	127,230
Conditions met - transferred to revenue		1,821	81,145	86,215	108,179	112,982	112,982	110,684	120,246	127,230
Conditions still to be met - transferred to liabilities		1,065	–	1,005						
Provincial Government:										
Balance unspent at beginning of the year		9,022	4,656	–	–	–	–	–	–	–
Current year receipts		–	3,540	–	1,450	1,450	1,450	–	–	
Conditions met - transferred to revenue		4,365	4,565	–	1,450	1,450	1,450	–	–	–
Conditions still to be met - transferred to liabilities		4,656	3,631	–						
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year		188	–							
Current year receipts			3,976							
Conditions met - transferred to revenue		188	860	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	3,116							
Total operating transfers and grants revenue		6,374	86,571	86,215	109,629	114,432	114,432	110,684	120,246	127,230
Total operating transfers and grants - CTBM	2	5,721	6,747	1,005	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		12,254	7,279	6,839	20,456	20,456	20,456			
Current year receipts		32,130	41,528	53,828	53,568	64,964	64,964	64,432	60,030	75,125
Conditions met - transferred to revenue		37,105	41,968	39,028	58,486	85,419	85,419	64,432	60,030	75,125
Conditions still to be met - transferred to liabilities		7,279	6,839	21,639	15,538	–				
Provincial Government:										
Balance unspent at beginning of the year		23,912	12,193	12,443	12,332					
Current year receipts		629	–	3,940		5,575	5,575	253	268	282
Conditions met - transferred to revenue		12,348	3,381	1,931	12,332	5,575	5,575	253	268	282
Conditions still to be met - transferred to liabilities		12,193	8,812	14,453						
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year				3,116			–			
Current year receipts				570						
Conditions met - transferred to revenue		–	–	344	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities				3,342						
Total capital transfers and grants revenue		49,453	45,349	41,302	70,818	90,994	90,994	64,685	60,298	75,407
Total capital transfers and grants - CTBM	2	19,472	15,651	39,434	15,538	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		55,828	131,919	127,517	180,447	205,426	205,426	175,369	180,544	202,637
TOTAL TRANSFERS AND GRANTS - CTBM		25,193	22,398	40,439	15,538	–	–	–	–	–

2.6 Councillor and employee benefits

Table 31 MBRR SA22 - Summary of councillor and staff benefits

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3,008	3,886	4,223	6,002	6,332	6,332	6,362	6,686	7,014
Pension and UIF Contributions										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		**3,008**	**3,886**	**4,223**	**6,002**	**6,332**	**6,332**	**6,362**	**6,686**	**7,014**
% increase	4		**29.2%**	**8.7%**	**42.1%**	**5.5%**	**–**	**0.5%**	**5.1%**	**4.9%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3,055	2,967	4,609	4,577	4,577	4,577	4,829	5,075	5,324
Performance Bonus		605	391		641	641	641	676	711	745
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Sub Total - Senior Managers of Municipality		**3,660**	**3,358**	**4,609**	**5,218**	**5,218**	**5,218**	**5,505**	**5,786**	**6,070**
% increase	0		**(8.3%)**	**37.2%**	**13.2%**	**–**	**–**	**5.5%**	**5.1%**	**4.9%**
Other Municipal Staff										
Basic Salaries and Wages		21,670	24,314	20,867	34,600	34,672	34,672	40,024	42,549	45,235
Pension and UIF Contributions		1,843	2,386	2,524	3,698	3,743	3,743	4,973	5,281	5,605
Medical Aid Contributions		878	1,069	1,160	1,570	1,593	1,593	2,185	2,321	2,464
Overtime		902	1,449	292	1,263	1,246	1,246	1,314	1,383	1,454
Performance Bonus				2,777	3,110	3,148	3,148	3,223	3,465	3,720
Motor Vehicle Allowance	3			3,801	4,653	4,687	4,687	4,144	4,408	4,689
Cellphone Allowance	3	1	6	–	190	192	192	743	789	836
Housing Allowances	3	131	1	219	245	246	246	478	507	538
Other benefits and allowances	3	1,128	2,058	155	359	385	385	427	452	478
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		**26,554**	**31,282**	**31,794**	**49,687**	**49,912**	**49,912**	**57,512**	**61,154**	**65,020**
% increase	0		**17.8%**	**1.6%**	**56.3%**	**0.5%**	**–**	**15.2%**	**6.3%**	**6.3%**
Total Parent Municipality		**33,221**	**38,526**	**40,626**	**60,907**	**61,462**	**61,462**	**69,379**	**73,626**	**78,104**
			16.0%	**5.4%**	**49.9%**	**0.9%**	**–**	**12.9%**	**6.1%**	**6.1%**
Board Members of Entities										
Basic Salaries and Wages										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
% increase	0		–	–	–	–	–	–	–	–
Senior Managers of Entities										
Basic Salaries and Wages										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
% increase	0		–	–	–	–	–	–	–	–
Other Staff of Entities										
Basic Salaries and Wages										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
			–	–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		**33,221**	**38,526**	**40,626**	**60,907**	**61,462**	**61,462**	**69,379**	**73,626**	**78,104**
% increase	0		**16.0%**	**5.4%**	**49.9%**	**0.9%**	**–**	**12.9%**	**6.1%**	**6.1%**
TOTAL MANAGERS AND STAFF	5,7	**30,214**	**34,640**	**36,403**	**54,905**	**55,130**	**55,130**	**63,017**	**66,940**	**71,090**

Table 32 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		587,956		19,872			607,828
Chief Whip								–
Executive Mayor			735,914		39,828			775,742
Deputy Executive Mayor			587,956		19,872			607,828
Executive Committee			2,027,816		59,616			2,087,432
Total for all other councillors			2,183,781		99,168			2,282,949
Total Councillors	8	–	6,123,422	–	238,356			6,361,778
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,029,190			144,087		1,173,276
Chief Finance Officer			800,000			112,000		912,000
Director Corporate Services			750,000			105,000		855,000
Director Engineering Services			750,000			105,000		855,000
Director Community Services			750,000			105,000		855,000
Director Planning & Development			750,000			105,000		855,000
List of each offical with packages >= senior manager								
								–
Total Senior Managers of the Municipality	8,10	–	4,829,190	–	–	676,087		5,505,276
A Heading for Each Entity	6,7							
List each member of board by designation								
								–
								–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	10,952,612	–	238,356	676,087		11,867,054

2.7 Monthly targets for revenue, expenditure and cash flow

Table 33 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source																
Property rates													–	–	–	–
Property rates - penalties & collection charges													–	–	–	–
Service charges - electricity revenue													–	–	–	–
Service charges - water revenue		1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	1,031	12,373	13,003	13,667
Service charges - sanitation revenue		210	210	210	210	210	210	210	210	210	210	210	210	2,520	2,648	2,783
Service charges - refuse revenue													–	–	–	–
Service charges - other													–	–	–	–
Rental of facilities and equipment													–	–	–	–
Interest earned - external investments		63	63	63	63	63	63	63	63	63	63	63	63	750	800	850
Interest earned - outstanding debtors													–	–	–	–
Dividends received													–	–	–	–
Fines													–	–	–	–
Licences and permits													–	–	–	–
Agency services													–	–	–	–
Transfers recognised - operational		9,224	9,224	9,224	9,224	9,224	9,224	9,224	9,224	9,224	9,224	9,224	9,224	110,684	120,246	127,230
Other revenue		17	17	17	17	17	17	17	17	17	17	17	17	200	207	215
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and cont		10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	126,526	136,904	144,745
Expenditure By Type																
Employee related costs		5,251	5,251	5,251	5,251	5,251	5,251	5,251	5,251	5,251	5,251	5,251	5,251	63,017	66,940	71,090
Remuneration of councillors		530	530	530	530	530	530	530	530	530	530	530	530	6,362	6,686	7,014
Debt impairment													–	–	–	–
Depreciation & asset impairment		144	144	144	144	144	144	144	144	144	144	144	144	1,727	1,815	1,904
Finance charges		117	117	117	117	117	117	117	117	117	117	117	117	1,400	1,478	1,558
Bulk purchases		291	291	291	291	291	291	291	291	291	291	291	291	3,493	3,671	3,851
Other materials													–	–	–	–
Contracted services		935	935	935	935	935	935	935	935	935	935	935	935	11,215	11,787	12,364
Transfers and grants													–	–	–	–
Other expenditure		3,057	3,057	3,057	3,057	3,057	3,057	3,057	3,057	3,057	3,057	3,057	3,057	36,681	39,225	41,683
Loss on disposal of PPE													–	–	–	–
Total Expenditure		10,325	10,325	10,325	10,325	10,325	10,325	10,325	10,325	10,325	10,325	10,325	10,325	123,895	131,603	139,464
Surplus/(Deficit)		219	219	219	219	219	219	219	219	219	219	219	219	2,632	5,302	5,281
Transfers recognised - capital		(5,390)	(5,390)	(5,390)	(5,390)	(5,390)	(5,390)	(5,390)	(5,390)	(5,390)	(5,390)	(5,390)	(5,390)	(64,685)	(60,998)	(76,557)
Contributions recognised - capital		5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	64,685	60,998	76,557
Contributed assets		(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(1,300)	(3,000)	(3,200)
Surplus/(Deficit) after capital transfers & contributions		111	111	111	111	111	111	111	111	111	111	111	111	1,332	2,302	2,081
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	111	111	111	111	111	111	111	111	111	111	111	111	1,332	2,302	2,081

Table 34 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote																
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILL		3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	39,946	42,525	45,649
Vote 2 - BUDGET AND TREASURY OFFICE		4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	55,067	59,832	64,122
Vote 3 - CORPORATE SERVICES		9	9	9	9	9	9	9	9	9	9	9	9	110	112	115
Vote 4 - COMMUNITY SERVICES		28	28	28	28	28	28	28	28	28	28	28	28	333	353	372
Vote 5 - ENGINEERING SERVICES		2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	2,589	31,070	32,883	34,487
Vote 6 - DEVELOPMENT PLANNING													–	–	1,200	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Revenue by Vote		10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	126,526	136,904	144,745
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILL		1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	17,828	18,839	19,887
Vote 2 - BUDGET AND TREASURY OFFICE		1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	12,587	13,251	13,937
Vote 3 - CORPORATE SERVICES		1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	15,042	15,926	16,851
Vote 4 - COMMUNITY SERVICES		1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	20,208	21,356	22,607
Vote 5 - ENGINEERING SERVICES		3,004	3,004	3,004	3,004	3,004	3,004	3,004	3,004	3,004	3,004	3,004	3,004	36,047	38,225	40,163
Vote 6 - DEVELOPMENT PLANNING		1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	23,482	27,006	29,219
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Expenditure by Vote		10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	125,195	134,603	142,664
Surplus/(Deficit) before assoc.		111	111	111	111	111	111	111	111	111	111	111	111	1,332	2,302	2,081
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	111	111	111	111	111	111	111	111	111	111	111	111	1,332	2,302	2,081

Table 35 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard																
Governance and administration		7,927	7,927	7,927	7,927	7,927	7,927	7,927	7,927	7,927	7,927	7,927	7,927	95,123	102,469	109,886
Executive and council		3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	3,329	39,946	42,525	45,649
Budget and treasury office		4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	55,067	59,832	64,122
Corporate services		9	9	9	9	9	9	9	9	9	9	9	9	110	112	115
Community and public safety		28	28	28	28	28	28	28	28	28	28	28	28	333	353	372
Community and social services		28	28	28	28	28	28	28	28	28	28	28	28	333	353	372
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		142	142	142	142	142	142	142	142	142	142	142	142	1,706	3,221	2,051
Planning and development													–	–	1,200	–
Road transport		142	142	142	142	142	142	142	142	142	142	142	142	1,706	2,021	2,051
Environmental protection													–	–	–	–
Trading services		2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	29,364	30,862	32,436
Electricity													–	–	–	–
Water		2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	2,447	29,364	30,862	32,436
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other													–	–	–	–
Total Revenue - Standard		10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	10,544	126,526	136,904	144,745
Expenditure - Standard																
Governance and administration		3,788	3,788	3,788	3,788	3,788	3,788	3,788	3,788	3,788	3,788	3,788	3,788	45,458	48,017	50,675
Executive and council		1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	17,828	18,839	19,887
Budget and treasury office		1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	12,587	13,251	13,937
Corporate services		1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254	15,042	15,926	16,851
Community and public safety		1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	20,208	21,356	22,607
Community and social services		52	52	52	52	52	52	52	52	52	52	52	52	618	657	699
Sport and recreation		1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	13,906	14,729	15,589
Public safety		474	474	474	474	474	474	474	474	474	474	474	474	5,683	5,969	6,319
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		2,802	2,802	2,802	2,802	2,802	2,802	2,802	2,802	2,802	2,802	2,802	2,802	33,623	37,996	40,806
Planning and development		1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	1,957	23,482	27,006	29,219
Road transport		845	845	845	845	845	845	845	845	845	845	845	845	10,141	10,990	11,587
Environmental protection													–	–	–	–
Trading services		2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	25,906	27,234	28,576
Electricity													–	–	–	–
Water		2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	2,159	25,906	27,234	28,576
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other													–	–	–	–
Total Expenditure - Standard		10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	10,433	125,195	134,603	142,664
Surplus/(Deficit) before assoc.		111	111	111	111	111	111	111	111	111	111	111	111	1,332	2,302	2,081
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	111	111	111	111	111	111	111	111	111	111	111	111	1,332	2,302	2,081

Table 36 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILLORS													–	–	–	–
Vote 2 - BUDGET AND TREASURY OFFICE													–	–	–	–
Vote 3 - CORPORATE SERVICES													–	–	–	–
Vote 4 - COMMUNITY SERVICES		21	21	21	21	21	21	21	21	21	21	21	21	253	268	282
Vote 5 - ENGINEERING SERVICES		5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	64,432	60,030	75,125
Vote 6 - DEVELOPMENT PLANNING													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital multi-year expenditure sub-total	2	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	64,685	60,298	75,407
Single-year expenditure *to be appropriated*																
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILLORS													–	–	–	1,350
Vote 2 - BUDGET AND TREASURY OFFICE													–	–	–	300
Vote 3 - CORPORATE SERVICES		42	42	42	42	42	42	42	42	42	42	42	42	500	1,000	300
Vote 4 - COMMUNITY SERVICES													–	–	1,000	300
Vote 5 - ENGINEERING SERVICES													–	–	–	300
Vote 6 - DEVELOPMENT PLANNING		67	67	67	67	67	67	67	67	67	67	67	67	800	1,000	650
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital single-year expenditure sub-total	2	108	108	108	108	108	108	108	108	108	108	108	108	1,300	3,000	3,200
Total Capital Expenditure	2	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	65,985	63,298	78,607

Table 37 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard	1															
Governance and administration		42	42	42	42	42	42	42	42	42	42	42	42	500	1,000	1,950
Executive and council													–	–	–	1,350
Budget and treasury office													–	–	–	300
Corporate services		42	42	42	42	42	42	42	42	42	42	42	42	500	1,000	300
Community and public safety		21	21	21	21	21	21	21	21	21	21	21	21	253	1,268	582
Community and social services													–	–	1,000	300
Sport and recreation		21	21	21	21	21	21	21	21	21	21	21	21	253	268	282
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		67	67	67	67	67	67	67	67	67	67	67	67	800	1,000	650
Planning and development		67	67	67	67	67	67	67	67	67	67	67	67	800	1,000	650
Road transport													–	–	–	–
Environmental protection													–	–	–	–
Trading services		5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	64,432	60,030	75,425
Electricity													–	–	–	–
Water		5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	5,369	64,432	60,030	75,425
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other													–	–	–	–
Total Capital Expenditure - Standard	2	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	5,499	65,985	63,298	78,607

Table 38 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source													1		
Property rates												–			
Property rates - penalties & collection charges												–			
Service charges - electricity revenue												–			
Service charges - water revenue	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	17,608		
Service charges - sanitation revenue												–			
Service charges - refuse revenue												–			
Service charges - other												–			
Rental of facilities and equipment												–			
Interest earned - external investments												–			
Interest earned - outstanding debtors												–			
Dividends received												–			
Fines												–			
Licences and permits												–			
Agency services												–			
Transfer receipts - operational	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	9,136	109,629		
Other revenue												–			
Cash Receipts by Source	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	10,603	127,237	–	–
Other Cash Flows by Source															
Transfer receipts - capital	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	5,754	69,042		
Contributions recognised - capital & Contributed assets												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,357	16,356	196,279	–	–
Cash Payments by Type															
Employee related costs	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,141	4,140	49,687		
Remuneration of councillors	500	500	500	500	500	500	500	500	500	500	500	500	6,002		
Finance charges												–			
Bulk purchases - Electricity												–			
Bulk purchases - Water & Sewer	398	398	398	398	398	398	398	398	398	398	398	398	4,772		
Other materials												–			
Contracted services	679	679	679	679	679	679	679	679	679	679	679	679	8,152		
Transfers and grants - other municipalities												–			
Transfers and grants - other												–			
Other expenditure	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	56,542		
Cash Payments by Type	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,430	10,429	125,154	–	–
Other Cash Flows/Payments by Type															
Capital assets	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	4,861	58,329		
Repayment of borrowing												–			
Other Cash Flows/Payments												–			
Total Cash Payments by Type	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	15,290	183,483	–	–
NET INCREASE/(DECREASE) IN CASH HELD	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,067	12,796	–	–
Cash/cash equivalents at the month/year begin:	37,190	38,256	39,323	40,389	41,455	42,521	43,588	44,654	45,720	46,786	47,853	48,919	37,190	49,986	49,986
Cash/cash equivalents at the month/year end:	38,256	39,323	40,389	41,455	42,521	43,588	44,654	45,720	46,786	47,853	48,919	49,986	49,986	49,986	49,986

2.8 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Finance Department.

2.9 Capital expenditure details

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 39 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	–	–	69,768	89,969	89,969	64,432	60,730	76,275
Infrastructure - Road transport		–	–	–	1,776	1,776	1,776	–	–	–
Roads, Pavements & Bridges					1,776	1,776	1,776			
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	33,992	55,677	55,677	47,462	41,650	41,625
Dams & Reservoirs										
Water purification										
Reticulation					33,992	55,677	55,677	47,462	41,650	41,625
Infrastructure - Sanitation		–	–	–	33,000	31,550	31,550	15,970	19,080	34,650
Reticulation					33,000	31,550	31,550	15,970	19,080	34,650
Sewerage purification										
Infrastructure - Other		–	–	–	1,000	966	966	1,000	–	–
Waste Management										
Transportation	2									
Gas										
Other	3				1,000	966	966	1,000		
Community		–	–	–	1,050	1,575	1,575	253	268	282
Parks & gardens										
Sportsfields & stadia					1,050	1,575	1,575	253	268	282
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		22,226	15,652	2,760	3,500	4,708	4,708	1,300	2,300	2,050
General vehicles					500					
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		22,226	15,652	2,760						
Computers - hardware/equipment					1,000					
Furniture and other office equipment					500	2,550	2,550	800	1,300	2,050
Abattoirs										
Markets										
Civic Land and Buildings					1,500					
Other Buildings						2,158	2,158	500	1,000	
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Capital Expenditure on new assets	1	22,226	15,652	2,760	74,318	96,252	96,252	65,985	63,298	78,607

Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										

Table 40 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		–	–	–	–	–	–	–	–	–
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	–	–	–	–	–	–	–
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Capital Expenditure on renewal of existing	1	–	–	–	–	–	–	–	–	–

Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										

Table 41 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		–	–	–	–	–	–	–	–	–
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Repairs and Maintenance Expenditure	1	2,244	2,069	906	4,254	4,254	3,078	2,888	3,036	3,184
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		*4.1%*	*3.2%*	*1.4%*	*6.8%*	*6.8%*	*4.9%*	*4.6%*	*2.6%*	*1.7%*
R&M as % Operating Expenditure		*1.7%*	*1.4%*	*0.5%*	*3.4%*	*3.1%*	*2.3%*	*2.3%*	*2.3%*	*2.3%*

Table 42 MBRR SA35 - Future financial implications of the capital budget

Vote Description	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILLORS		–	–	1,350				
Vote 2 - BUDGET AND TREASURY OFFICE		–	–	300				
Vote 3 - CORPORATE SERVICES		500	1,000	300				
Vote 4 - COMMUNITY SERVICES		253	1,268	582				
Vote 5 - ENGINEERING SERVICES		64,432	60,030	75,425				
Vote 6 - DEVELOPMENT PLANNING		800	1,000	650				
Vote 7 - [NAME OF VOTE 7]		–	–	–				
Vote 8 - [NAME OF VOTE 8]		–	–	–				
Vote 9 - [NAME OF VOTE 9]		–	–	–				
Vote 10 - [NAME OF VOTE 10]		–	–	–				
Vote 11 - [NAME OF VOTE 11]		–	–	–				
Vote 12 - [NAME OF VOTE 12]		–	–	–				
Vote 13 - [NAME OF VOTE 13]		–	–	–				
Vote 14 - [NAME OF VOTE 14]		–	–	–				
Vote 15 - [NAME OF VOTE 15]		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		65,985	63,298	78,607	–	–	–	–
Future operational costs by vote	2							
Vote 1 - EXECUTIVE COMMITTEE AND COUNCILLORS								
Vote 2 - BUDGET AND TREASURY OFFICE								
Vote 3 - CORPORATE SERVICES								
Vote 4 - COMMUNITY SERVICES								
Vote 5 - ENGINEERING SERVICES								
Vote 6 - DEVELOPMENT PLANNING								
Vote 7 - [NAME OF VOTE 7]								
Vote 8 - [NAME OF VOTE 8]								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		65,985	63,298	78,607	–	–	–	–

2.10 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

2. Internship programme
   The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in May 2012 directly aligned and informed by the 2011/12 MTREF.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training
   The MFMA training module in electronic format is on-going.

8. Policies
   The policies of the municipality are reviewed annually in line with the requirements of the MFMA.

2.11 Other supporting documents

Table 43 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
REVENUE ITEMS:											
Property rates	6										
Total Property Rates											
less Revenue Foregone											
Net Property Rates		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone											
Net Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	6										
Total Service charges - water revenue					18,186	18,186	18,186	18,186	12,373	13,003	13,667
less Revenue Foregone											
Net Service charges - water revenue		–	–	–	18,186	18,186	18,186	18,186	12,373	13,003	13,667
Service charges - sanitation revenue											
Total Service charges - sanitation revenue					3,824	3,824	3,824	3,824	2,520	2,648	2,783
less Revenue Foregone											
Net Service charges - sanitation revenue		–	–	–	3,824	3,824	3,824	3,824	2,520	2,648	2,783
Service charges - refuse revenue	6										
Total refuse removal revenue											
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–
Other Revenue by source											
Contribution - Accumulated Surplus			6,580								
Telephone cost Recovery						160	160	160	110	112	115
Tender Deposits					10	10	10	10	10	10	10
Sundry Income		431	382	303		3	3	3			
Facilities Rental					30	180	180	180	80	85	90
	3										
Total 'Other' Revenue	1	431	6,961	303	40	353	353	353	200	207	215

Table 44 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	24,725	27,282	25,476	34,600	34,672	34,672	34,672	44,889	47,694	50,664
Pension and UIF Contributions		1,843	2,370	2,524	3,698	3,743	3,743	3,743	4,973	5,281	5,605
Medical Aid Contributions		878	1,069	1,160	1,570	1,593	1,593	1,593	2,185	2,321	2,464
Overtime		902	1,449	292	1,263	1,246	1,246	1,246	1,314	1,383	1,454
Performance Bonus				2,777	3,110	3,148	3,148	3,148	3,864	4,106	4,361
Motor Vehicle Allowance				3,801	4,653	4,687	4,687	4,687	4,144	4,408	4,689
Cellphone Allowance		1	6	–	190	192	192	192	743	789	836
Housing Allowances		131	128	219	245	246	246	246	478	507	538
Other benefits and allowances		1,733	2,337	155	359	385	385	385	427	452	478
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	4										
sub-total	5	30,214	34,640	36,403	49,687	49,912	49,912	49,912	63,017	66,940	71,090
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	30,214	34,640	36,403	49,687	49,912	49,912	49,912	63,017	66,940	71,090
Contributions recognised - capital											
Sports & Recreation programmes					1,050	1,575	1,575	1,575	253	268	282
Infrastructure Projects - MIG		60,163	53,480	41,211	49,992	55,127	55,127	55,127	47,462	41,650	41,625
Regional Bulk Infrastructure Projects				5,615	18,000	28,516	28,516	28,516	15,970	19,080	34,650
Massificaton Programme - COGTA				1,000		4,000	4,000	4,000			
Dept of Public Works					–	–	–	–	1,000	–	–
Rural Transport Services and Infrastructure				1,687	1,776	1,776	1,776	1,776			
Total Contributions recognised - capital		60,163	53,480	49,513	70,818	90,994	90,994	90,994	64,685	60,998	76,557
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		3,910	4,421	5,381	1,625	1,625	1,625	1,625	1,727	1,815	1,904
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	3,910	4,421	5,381	1,625	1,625	1,625	1,625	1,727	1,815	1,904
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases					4,772	4,772	4,772	4,772	3,493	3,671	3,851
Total bulk purchases	1	–	–	–	4,772	4,772	4,772	4,772	3,493	3,671	3,851
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	–	–	–	–	–	–	–	–	–	–
Contracted services											
Telephone;					300				976	1,026	1,076
Rental Office Equipment;					450				250	263	276
WSP Contribution -Uthukela					1,675				–	–	–
Maintenance of pipelines and reticulation networks					5,000				900	946	992
Maintenance of plant operations					72				1,100	1,156	1,213
Maintenance of plant, equipment and machinery					111				850	893	937
Maintenance, instruments and laboratory equipment					250				150	158	165
Scada & Telemetric Systems					300				89	93	98
Electricity;					500				700	736	772
Municipal Serv -Rates & Taxes					–				405	426	447
Sanitation & Water;					500				–	–	–
Communication-Radio Licenc					1,656				62	65	68
Security;					31				1,550	1,629	1,709
Website development & host					800				350	368	386
Insurance;									328	345	362
Water Tanker Delivery Service									3,000	3,153	3,307
Hygiene Services;									5	5	6
Cleaning/Gardening Service									150	158	165
Software License Fees;									350	368	386
sub-total	1	–	–	–	11,645	–	–	–	11,215	11,787	12,364
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		–	–	–	11,645	–	–	–	11,215	11,787	12,364
Other Expenditure By Type											
Collection costs					791						
Contributions to 'other' provisions					989						
Consultant fees					2,000				350	368	386
Audit fees		1,377	1,403	813	12,011	1,500			2,500	2,628	2,756
General expenses	3	86,643	104,535	122,942	7,364	63,590	72,422	72,422	9,444	8,149	8,507
Repairs & Maintenance		2,244	2,069	906	4,010	7,332	–		2,888	3,036	3,184
General Cost-Programmes		4,279	–		1,880				17,150	19,123	22,050
Tourism Support and Marketing					1,142						
Skills Development and Training					2,400						
Disaster Management Programmes					2,030						
Social Development Programmes					1,050						
Environmental Management					8,600						
LED Support Programmes					3,340						
Sport Development Programmes					1,764				253	268	282
Subsistence and Travelling					1,603						
Telephone and Communications					1,650						
Shared Services										1,200	
Finance Management Programmes									1,500	1,500	1,500
MSIG Expenditure									890	934	967
Road Asset Management									1,706	2,021	2,051
							–				
Total 'Other' Expenditure	1	94,543	108,006	124,661	52,623	72,422	72,422	72,422	36,681	39,225	41,683

Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		2,244	2,069	906	7,364	7,332	7,332	7,332	2,888	3,036	3,184
Total Repairs and Maintenance Expenditure	9	2,244	2,069	906	7,364	7,332	7,332	7,332	2,888	3,036	3,184

Table 45 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description R thousand	Ref 1	Vote 1 - EXECUTIVE COMMITTEE AND	Vote 2 - BUDGET AND TREASURY	Vote 3 - CORPORATE SERVICES	Vote 4 - COMMUNITY SERVICES	Vote 5 - ENGINEERING SERVICES	Vote 6 - DEVELOPMENT PLANNING	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
Revenue By Source																	
Property rates																	–
Property rates - penalties & collection charges																	–
Service charges - electricity revenue																	–
Service charges - water revenue						12,373											12,373
Service charges - sanitation revenue						2,520											2,520
Service charges - refuse revenue																	–
Service charges - other																	–
Rental of facilities and equipment																	–
Interest earned - external investments			750														750
Interest earned - outstanding debtors																	–
Dividends received																	–
Fines																	–
Licences and permits																	–
Agency services																	–
Other revenue			10	110	80												200
Transfers recognised - operational		39,946	54,307		253	16,178											110,684
Gains on disposal of PPE																	–
Total Revenue (excluding capital transfers and cont		39,946	55,067	110	333	31,070	–	–	–	–	–	–	–	–	–	–	126,526
Expenditure By Type																	
Employee related costs		7,822	7,671	9,018	12,790	16,478	9,237										63,015
Remuneration of councillors		6,362															6,362
Debt impairment																	–
Depreciation & asset impairment																	–
Finance charges						1,400											1,400
Bulk purchases						3,493											3,493
Other materials																	–
Contracted services																	–
Transfers and grants																	–
Other expenditure		3,645	4,916	6,025	7,418	14,677	14,245										50,926
Loss on disposal of PPE																	–
Total Expenditure		17,828	12,587	15,042	20,208	36,047	23,482	–	–	–	–	–	–	–	–	–	125,195
Surplus/(Deficit)		22,118	42,480	(14,932)	(19,875)	(4,977)	(23,482)	–	–	–	–	–	–	–	–	–	1,332
Transfers recognised - capital																	–
Contributions recognised - capital																	–
Contributed assets																	–
Surplus/(Deficit) after capital transfers & contributions		22,118	42,480	(14,932)	(19,875)	(4,977)	(23,482)	–	–	–	–	–	–	–	–	–	1,332

Table 46 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Call investment deposits											
Call deposits < 90 days			1,401	6,845	15,085	15,085	15,085	15,085	15,085	15,821	17,850
Other current investments > 90 days											
Total Call investment deposits	2	–	1,401	6,845	15,085	15,085	15,085	15,085	15,085	15,821	17,850
Consumer debtors											
Consumer debtors											
Less: Provision for debt impairment											
Total Consumer debtors	2	–	–	–	–	–	–	–	–	–	–
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		64,316	78,433	62,836	88,609	88,609	88,609	88,609	88,609	156,938	235,603
Leases recognised as PPE	3										
Less: Accumulated depreciation		10,041	13,519		25,652	25,652	25,652	25,652	25,652	38,640	48,598
Total Property, plant and equipment (PPE)	2	54,274	64,913	62,836	62,958	62,958	62,958	62,958	62,958	118,298	187,005
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		96		–							
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		96	–	–	–	–	–	–	–	–	–
Trade and other payables											
Trade and other creditors		28,497	40,564	69,361	31,855	31,855	31,855	31,855	31,855	27,589	25,965
Unspent conditional transfers		25,193	22,398		24,961	24,961	24,961	24,961	24,961	22,850	18,500
VAT											
Total Trade and other payables	2	53,690	62,962	69,361	56,816	56,816	56,816	56,816	56,816	50,439	44,465
Non current liabilities - Borrowing											
Borrowing	4										
Finance leases (including PPP asset element)		17	17								
Total Non current liabilities - Borrowing		17	17	–	–	–	–	–	–	–	–
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation											
Other				–							
Total Provisions - non-current		–	–	–	–	–	–	–	–	–	–
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		22,131	(27,324)	(5,838)	(92,110)	(92,110)	(92,110)	(92,110)	(92,110)	(91,307)	(90,110)
GRAP adjustments		33,460	883,593	782,866	931,142	932,963	932,963	932,963	935,950	978,153	1,046,421
Restated balance		55,591	856,269	777,028	839,032	840,853	840,853	840,853	843,840	886,846	956,311
Surplus/(Deficit)		–	(10,336)	5,838	5,326	2,482	2,482	2,482	1,332	2,302	2,081
Appropriations to Reserves		6,428	(66,140)		–						
Transfers from Reserves											
Depreciation offsets											
Other adjustments			(1,212)		(1,023)				(1,023)		
Accumulated Surplus/(Deficit)	1	62,019	778,581	782,866	843,335	843,335	843,335	843,335	844,148	889,148	958,392
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	62,019	778,581	782,866	843,335	843,335	843,335	843,335	844,148	889,148	958,392

Table 47 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Statistics SA (Census figures)	431	468	442	502	507	513	518	523	529	529
Females aged 5 - 14		Statistics SA (Census figures)	54	57	54	54	53	53	53	52	52	52
Males aged 5 - 14		Statistics SA (Census figures)	56	57	53	57	57	57	56	56	56	56
Females aged 15 - 34		Statistics SA (Census figures)	76	83	81	87	88	89	90	91	91	91
Males aged 15 - 34		Statistics SA (Census figures)	73	78	78	97	98	100	101	102	104	104
Unemployment		Statistics SA (Census figures)	31	56	60	56	49	44	42	38	35	35
Monthly household income (no. of households)	1, 12											
No income		Global Insight	1,973	3,447	1,840	1,114	739	338	154	102	76	76
R1 - R1 600		Global Insight	5,090	12,608	7,595	3,696	1,982	72	3	1	1	1
R1 601 - R3 200		Global Insight	17,045	20,518	23,402	17,765	16,535	15,134	13,852	12,893	11,100	11,100
R3 201 - R6 400		Global Insight	12,600	14,198	20,226	18,530	18,007	17,479	16,967	16,488	15,461	15,461
R6 401 - R12 800		Global Insight	12,998	16,117	19,220	20,865	21,124	21,156	21,168	21,451	22,176	22,176
R12 801 - R25 600		Global Insight	6,609	8,931	13,291	15,957	17,368	18,665	20,059	21,831	23,869	23,869
R25 601 - R51 200		Global Insight	4,369	4,864	8,138	10,481	11,156	11,828	12,541	13,349	14,910	14,910
R52 201 - R102 400		Global Insight	4,524	5,018	6,856	8,721	9,220	9,733	10,273	10,862	12,185	12,185
R102 401 - R204 800		Global Insight	3,842	3,773	5,555	7,043	7,520	7,992	8,494	9,069	10,165	10,165
R204 801 - R409 600		Global Insight	3,274	3,587	4,742	5,871	6,151	6,481	6,828	7,153	7,930	7,930
R409 601 - R819 200		Global Insight	2,528	3,586	4,843	5,718	6,016	6,265	6,524	6,864	7,398	7,398
> R819 200		Global Insight	2,171	5,516	10,210	13,295	13,989	14,795	15,665	16,507	18,989	18,989
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area		Statistics SA (Census figures)	431,341	468,040	442,264	502	507	513	518	523	529	529
Number of poor people in municipal area		Statistics SA (Census figures)	222,265	299,555	301,056	295	303	295	295	298	305	305
Number of households in municipal area		Statistics SA (Census figures)	77,023	102,161	125,920	128	129	130	130	132	135	135
Number of poor households in municipal area		Statistics SA (Census figures)										
Definition of poor household (R per month)												
Housing statistics	3											
Formal		Statistics SA (Census figures)	56,321	78,868	102,764	105,317	108,028	109,603	110,993	112,136	114,628	114,628
Informal		Statistics SA (Census figures)	20,702	23,293	23,156	23,099	21,031	20,205	18,944	19,789	20,229	20,229
Total number of households			77,023	102,161	125,920	128,416	129,059	129,808	129,937	131,925	134,857	134,857
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)						3.3%	5.0%	5.4%	5.6%	5.5%	5.1%	4.9%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Table 48 MBRR SA32 – List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand

2.12 Municipal manager's quality certificate

I, LINDA M. AFRICA, Municipal Manager of Amajuba District Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name : LINDA M. AFRICA

Municipal manager of : Amajuba District Municipality (DC 25)

Signature ________________________________

Date : ____________________________